FORM 10KSB40

Annual and transition reports of small business issuers [Section 13 or 15(d), S-B Item 405]

Filing Date: **1998-07-22** | Period of Report: **1997-12-31**
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FILER

CALL NOW INC
CIK:**869484**| IRS No.: **650337175** | State of Incorp.:**FL** | Fiscal Year End: **1231**
Type: **10KSB40** | Act: **34** | File No.: **000-27160** | Film No.: **98669760**
SIC: **4813** Telephone communications (no radiotelephone)

Business Address
P O BOX 531399
MIAMI SHORES FL 33153
3057515115

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

X Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 For the Fiscal Year Ended: December 31, 1997

Commission File No. 0-27160

CALL NOW, INC.

(Exact name of small business issuer in its charter)

Florida	65-0337175
(State of Incorporation)	(IRS Employer Identification No.)

P.O.Box 531399 Miami Shores, Florida	33153
(Address of principal executive offices)	(zip code)

Issuer's Telephone No. (305) 751-5115

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock

Check whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or such shorter period that the Registrant was required to file such reports); and, (2) has been subject to such filing requirements for the past 90 days.

Yes ___ No X

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. X

State issuer's revenues for twelve months ended December 31, 1997: $3,069,042.

The aggregate market value of the voting stock held by non-affiliates of the Registrant based upon the average bid and asked prices of such stock, at July 15, 1998 was $6,283,836.

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 8,408,944 shares of common stock, as of July 15, 1998.

Documents
Incorporated by Reference
NONE

Transitional Small Business Disclosure Format: No

Item 1. Description of Business.

History and Recent Developments

Call Now, Inc. (the "Company") was organized under the laws of the State of Florida on September 24, 1990 under the name Rad San, Inc. It changed its name to Phone One International, Inc. in January 1994 and to Call Now, Inc. in December 1994.

The Company was formed to acquire the assets or securities of another business, through an acquisition of assets or securities, merger or other business combination.

In July 1992 the Company acquired from unaffiliated parties $822,437 of promissory notes of APT Acquisition Corporation which operated switch-based long distance service through its wholly owned subsidiary, Phone One, Inc. ("Phone One") of Orlando, Florida, for 200,000 shares of the Company's common stock.

In February 1993 the Company acquired all of the outstanding common stock of Doric, Inc. from William M. Allen, the Company's President, director, and majority shareholder, and his spouse in exchange for 1,800,000 shares of the Company's common stock. Doric owned a promissory note of Phone One, Inc. and its parent, APT Acquisition Corporation, in the approximate amount of $3.8 million. This note was secured by certain assets of Phone One, Inc. and 100% of the common stock of Phone One, Inc. and APT Acquisition Corporation. Phone One, Inc. and APT Acquisition Corporation had filed for protection under Chapter 11 of the Bankruptcy Act in January 1993. Doric acquired the note from Mr. Allen for a note in the amount of $750,000. Mr. Allen acquired the note from Resolution Trust Company for $750,000. The $750,000 note to Mr. Allen was exchanged for 7,500 shares of the Company's Class B Convertible Preferred Stock in December 1993. These shares were redeemed for $750,000 in 1994.

On September 30, 1993, the Company disposed of the other assets of Doric, Inc., primarily a 12-1/2% interest in a thoroughbred stallion, to Mr. Allen in exchange for 55,300 shares of the Company's common stock in order to concentrate on the reorganization of APT Acquisition Corporation and Phone One, Inc. On such day the Company's common stock was quoted at bid $4.50 and asked $5.25. Accordingly, the Board of Directors determined this was a reasonable price based upon the book value of the interest, expenses of maintaining the horse, its life expectancy and earnings history. The Company did not obtain an independent appraisal of the interest or solicit other bids.

On January 1, 1994, the Company became a long distance and telecommunication service provider through acquisition of Phone One pursuant to a confirmed bankruptcy plan. The Company exchanged notes receivable and accrued interest in the face amount of $4,651,999 from Phone One and its former parent company, APT Acquisition, Inc., for 4,500,000 shares of new common stock of Phone One, Inc. Phone One became a wholly owned subsidiary of the

Company. The combination was accounted for by the purchase method. In connection with the reorganization of Phone One, the Company agreed to raise capital to pay off certain liabilities of Phone One. The Company changed its name to Phone One International, Inc. in recognition of its entry into the long distance telephone business. During May 1994 the Company acquired the assets of a smaller alternative access long distance telephone provider, ARN Communications Corporation. Such assets were acquired for $350,000. Such assets were contributed to a new corporation wholly-owned by the Company, ARN Communications Corp. ("ARN"), which was organized to operate the acquired business. Alan Niederhoffer, part owner and President of ARN Communications Corporation was hired as a Vice President of the Company and served as President of ARN. See "Executive Compensation - Executive Employment Agreement" and "Certain Transactions". In February 1994 the Company acquired certain telecommunications assets, primarily long distance telephone customers, from Telecommunications Services, Inc. in exchange for 234,000 shares of the Company's common stock.

Effective November 30, 1994, the Company sold its shares of Phone One for 740,000 shares of Intermedia Communications of Florida, Inc. (ICI). The Company has subsequently sold substantially all of such ICI shares.

In August 1995 the Company acquired 25% of the outstanding common shares of Compressent Corporation ("Compressent") and a warrant to purchase an additional 13% of Compressent's Common Stock. The cost of such shares and warrant was $500,000. Compressent is a developmental stage company which is developing high order data compression products for telecommunications, computers, satellite communications and video applications. Its first announced product is a software program for sending color facsimile. Edward T. Kalinowski, who provided financial consultant services to and is a shareholder of the Company, was a founder of Compressent Corporation and is a shareholder of Compressent Corporation. Additional shares were purchased in February 1996. The

Company declared and distributed a dividend of 723,438 shares of Compressent common stock to its shareholders of record as of March 12, 1996. The Company still held 204,897 shares of Compressent common stock as of December 31, 1997. See "Certain Relationships and Related Transactions".

On July 15, 1996, Andice Development Co. (a wholly-owned subsidiary of Call Now, Inc.) acquired 118 acres of development property in Williamson County, Texas for a purchase price of $2,363,060. Under the terms of the purchase, the Company paid $593,060 and executed a seven year, 9% note in the amount of $1,770,000. The note requires the Company to make semi-annual principal and interest payments of $85,721 commencing on January 15, 1997 and ending July 15, 2003, at which time, the entire remaining balance of $1,655,056 is due and payable. The Company is still formulating its plans for this property.

In August 1996 the Company decided to exit the long distance telephone business due to the competitive environment and its inability to develop its business to the point of profitability. The business was sold to Alan Niederhoffer, formerly the Company's Vice President and President

of its ARN subsidiary for 100,000 shares of Company's common stock owned by Niederhoffer and assumption of substantially all of the liabilities of ARN.

On September 29, 1996 the Company acquired $52,274,000 of $54,040,000, 8.75%, term bonds of the Retama Development Corporation Special Facilities Revenue Bonds, Series 1993 for a purchase price of $10,300,000. The bonds were secured by a first mortgage on the Retama Park Horse Racing facility. In a simultaneous closing, the Company sold 50% of the bonds to a broker/dealer for a down payment of $1,740,000 and future payments of $1,950,000. The broker/dealer also agreed to pay $7,600 for stock purchase options granting the right to acquire 760,000 shares of Call Now, Inc. common stock at a purchase price of $2.60 per share.

In November 1996 the Company purchased from Retama Partners, Ltd. the principal amount of $39,275,000 of a Retama Development Corporation Series A note and $500,000 of a Retama Development Corporation Series 1993B note. The Company issued 385,700 shares of its common stock in exchange for such notes. These notes were secured by a second lien on the Retama Park Racetrack facilities, including real and personal property.

On March 26, 1997, the Company participated in the defeasance of the RDC bonds and notes held by it, and received $3,640,000, 7% Series 1997 A Bonds (the "A Bonds") and $45,200,000, 8% Series 1997 B Bonds (the "B Bonds") as part of the defeasance. As part of the transaction, the Company collected a $850,000 receivable from the broker/dealer. The Company subsequently acquired the balance of the A Bonds and B Bonds.

On December 1, 1997 the Company's 80% owned subsidiary, Retama Entertainment Group, Inc. obtained a management agreement to operate and manage the Retama Park Racetrack. The Company's President, Bryan P. Brown, relocated to Texas to personally supervise such activities. The management agreement extends to November 1, 2000 subject to certain extension rights, and provides monthly management fee of $15,000 plus a variable fee equal to 25% of profits in excess of $1,000,000. The management agreement is filed herewith as Exhibit 8.12.

In February 1998, the Company entered into a loan agreement with Compressent in which the Company was obligated to lend, on or before July 31, 1998, upon the request of Compressent's Board of Directors, up to $10,000,000. Amounts loaned were to be due one year from the date of the loan and would bear interest at 15% a year. In addition, the Company was to receive a $400,000 commitment fee at the time of the first loan advance. In connection with the loan agreement, the Company would receive warrants to acquire 500,000 shares of the Compressent's common stock at $6.25 per share.

In addition, the Company agreed to exchange $3,500,000 face amount of its investment in RDC, Series A Bonds for 56,000 shares of Compressent, 7.5% cumulative convertible preferred stock, which would be convertible into 560,000 shares of Compressent's common stock, and an option to acquire 500,000 shares of Compressent common stock for $6.25 per share.

On May 20, 1998, the Company and Compressent terminated the loan agreement before any loan was made thereunder. In addition, the parties rescinded the preferred stock and warrant purchase by each party returning to the other the securities originally exchanged. However, Compressent, upon the original receipt of the RDC bonds borrowed approximately $2,000,000, pledging the bonds as collateral. In this connection, upon termination of the agreement, the Company assumed the approximate $2,000,000 loan, and agreed to receive

1,333,333 unregistered shares of Compressent common stock. The Company and the lender agreed to extend the due date on the loan to January 1, 1999 and issue 150,000 shares of its common stock to the lender.

In July 1998, the Company agreed to purchase three thoroughbred racetracks, Louisiana Downs in Bossier City, LA, Remington Park in Oklahoma and Thistledown in Ohio. The Company deposited $2,000,000 as a down payment. The Company has until September 24, 1998 to conduct due diligence on the tracks and if it is not satisfied, cancel the purchase agreements and obtain a full refund of its deposit.

In July 1998 the Company sold an additional $3,500,000 face amount of its RDC, Series A Bonds for $2,150,000. It has the right to repurchase such bonds for $2,150,000 plus accrued interest until January 1, 1999.

The Company is undertaking due diligence on and seeking financing for the three racetracks.

Employees

The Company has about 180 full-time employees, including 4 executive employees. This includes the employees of Retama Entertainment Group, Inc.

Item 2. Description of Property.

The Company's executive offices are provided by its Chairman on a month to month basis. For the year ended December 31, 1997, the Company paid $30,000 to Mr. Allen for the rental expenses of such facility. Such facility was purchased by Mr. Allen for $300,000 in 1991. Such property includes 38,274 square feet of property and a 3,698 sq.ft. building. Such rental arrangement was terminated in July 1998.

Item 3. Legal Proceedings.

The Company was a defendant in a suit filed in 1994 in Circuit Court, Dade County, Florida by Raymond Beahn seeking damages for breach of a contract of employment. The Company settled the suit in May 1998 for 26,500 shares of its common stock and $50,000.

Item 4. Submission of Matters to a Vote of Securities Holders.

None.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

The Company's Common Stock trades on the over-the-counter market under the symbol CNOW. The following sets forth the range of high and low bid quotations for the periods indicated as reported by National Quotation Bureau, Inc. Such quotations reflect prices between dealers, without retail mark-up, markdown or commission and may not represent actual transactions.

<TABLE>
<CAPTION>

<S>	High bid <C>	Low bid <C>
January 1, 1996 through March 31, 1996	$ 1.50	$ .75
April 1, 1996 through June 30, 1996	3.375	.75
July 1, 1996 through September 30, 1996	3.375	1.25
October 1, 1996 through December 31, 1996	2.00	1.00
January 1, 1997 through March 31, 1997	4.625	1.875
April 1, 1997 through June 30, 1997	3.125	2.0625
July 1, 1997 through September 30, 1997	3.875	1.75
October 1, 1997 through December 31, 1997	3.5625	1.00

</TABLE>

The Company paid a dividend of one share of Compressent Corporation common stock for each ten shares of Company common stock to its stockholders of record on March 12, 1996. The Company has not established a policy of payment of regular dividends on its common stock. There are no restrictions on the payment of dividends. As of December 31, 1997 there were approximately 417 registered holders of record of the Company's common stock.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Year Ended December 31, 1997 compared to 1996

Results of Operations:

a. Revenues

The Company's revenues for the year ended December 31, 1997 were $3,069,042 compared to $6,027,481 for the year ended December 31, 1996. Revenue for the current year is primarily attributable to the Company's gain on defeasance of its holdings of Retama Development Corporation Bonds. Net gain from the bond defeasance and the sale of Compressent securities amounted to $2,309,878 for the year ended December 1997 compared to a gain on sale of securities of $5,695,732 for the year ended December 31,1996. Interest income for the year ended December 31, 1997 was $754,029 compared to $262,250 for the year ended December 31, 1996. The increase in interest income is primarily attributable to interest earned on the Retama Bonds which amounted to $408,333 in 1997.

b. Expenses

(1) Selling, General, and Administrative

Expenses for the year ended December 31,1997 were $1,952,327 compared to $1,279,638 for the year ended December 31,1996. The increase in expenses was attributable to increased consulting, travel and legal fees in connection with new business opportunities.

(2) Depreciation and Amortization

Expense for the year ended December 31,1997 was $16,795 compared to $23,380 for the year ended December 31,1996. Depreciation expense diminished as a result of the retirement of certain assets which were no longer in use.

(3) Interest

Interest expense for the year ended December 31, 1997 was $288,918 compared to $98,263 for the year ended December 31, 1996. The increase was primarily due to increased borrowing levels.

(4) Loss from unconsolidated entity

Loss recognized on the Company's investment in Compressent Corporation for the year ended December 31,1996 was $60,808. The Company accounted for its investment in Compressent on the equity method while it owned greater than 20% of the outstanding stock. After the dividend of Compressent stock to the Company's shareholders in 1996, the Company owned less than 20% of the outstanding common stock. The Company does not maintain significant influence and control over Compressent and therefore carries its investment in Compressent at cost. As a result the Company did not recognize either a gain or loss from an unconsolidated entity in 1997.

c. Discontinued Operations:

(1) Gain on disposal of subsidiary

In August 1996 Call Now, Inc. sold certain assets and liabilities of ARN Communications, Corp. in exchange for 100,000 shares of Call Now, Inc.'s common stock. As a result of this transaction the Company recognized a net after tax gain of $114,677.

(2) Loss from operation of discontinued subsidiary

Call Now, Inc. discontinued operation of ARN Communications, Corp., its long distance resale subsidiary in August 1996. As a result the Company recognized an after tax loss from discontinued operations of $29,108.

d. Net Income

The Company had net income for December 31, 1997 of $519,890 compared to $2,934,743 for the year ended December 31, 1996. The decrease in net income of $2,414,853 resulted primarily from an $2,958,439 decrease in revenues and increased costs and expenses of $795,951 for the year ended December 31, 1997. The Company's tax expense diminished by $1,425,106 compared to the previous year. Net income per share was also reduced as a result of an increase in the number of shares outstanding. Income of $85,569 from discontinued operations in 1996 was not repeated in 1997.

Liquidity and Capital Resources:

During the year ended December 31,1997, the Company's operating activities used cash of $4,772,737 compared to $1,830,680 used for the year ended December 31,1996. Such increase in 1997 was primarily due to payment of income taxes and a decrease in the sale of securities as compared to 1996.

Cash flow from investing activities provided cash for the period ended December 31,1997 of $2,426,057 versus $4,589,988 for the year ended December 31,1996. Such decrease in 1997 resulted primarily from a decrease from proceeds from the sale of securities offset by a decrease in the purchase of securities and the collection of certain receivables.

Cash provided by financing activities during the year ended December 31, 1997 was $856,534 compared to cash used for the year ended December 31, 1996 of $1,330,444. Such increse in 1997 as compared to 1996 was primarily attributable to loan proceeds in 1997 compared to loan repayments in 1996.

The Company has investments in U.S. Treasury Bills and the common stock of Compressent and Retama Development Corporation Bonds. The fair market value of the securities at December 31,1997 was $10,239,326.

In addition, the Company has entered into an agreement with Barron Chase Securities, Inc. whereby the Company executed a secured demand note payable to Barron Chase in the amount of $1,155,000. Under the terms of the agreement Barron Chase has purchased $1,305,055 in U.S. Treasury Bills as security for the demand note. The note pays the Company $11,550 per month which the Company utilizes as working capital. Such arrangement terminated on March 31, 1998 and the Company has advised Barron Chase that it will not be extended.

Based on the above information, management of the Company believes that it has adequate financial resources to fund its operations for the current fiscal year.

The Company has been advised by the Securities and Exchange Commission that it may be considered an investment company and therefore subject to certain provisions of the Investment Company Act of 1940. The Company does not believe it is an investment company and has taken the following actions:

1. On July 15, 1996 the Company acquired 118.34 acres of land for development for $2,363,060. Such land is located in Williamson County, Texas. The Company executed a purchase money mortgage in connection with the purchase which is payable in semi-annual installments of $85,721 beginning on January 15, 1997, including interest at 9% with the entire unpaid balance of $1,655,056 due on July 15, 2003. The Company paid $593,060 at closing from its working capital. The land is currently vacant and a survey is in progress to determine the best use of the property.

2. The Company disposed of most of its shares of Intermedia Communications, Inc. in 1996, which it received in December 1994 in connection with disposition of Phone One, Inc. It currently owns less than 200 of such shares.

3. In August 1996 the Company disposed of its remaining long distance telephone business for 100,000 shares of the Company's common stock, plus assumption by Buyer of certain liabilities of the the Company. The business was sold to a former employee and officer of the Company.

4. In September and October 1996 the Company acquired certain secured bonds issued by Retama Development Corporation of Selma, Texas. The bonds are secured by a lien on real estate which includes the Retama Park Racetrack in suburban San Antonio, Texas.

5. The balance of the Company's holdings in Compressent were registered by Compressent in its recent registration statement on Form S-1. In November 1997 the Company disposed of 76,000 of such shares.

6. On December 1, 1997, the Company's 80% owned subsidiary,

Retama Entertainment Group, Inc. was engaged as the manager of the Retama Park Racetrack effective January 1, 1998.

In the event the Company is deemed to be an investment company, the Company may become subject to certain restrictions relating to the Company's activities, including restrictions on the nature of its investments and the issuance of securities. In addition, the Investment Company Act imposes certain requirements on companies deemed to be within its regulatory scope, including registration as an investment company, adoption of a specific form of corporate structure and compliance with certain burdensome reporting, record keeping, voting, proxy, disclosure and other rules and regulations. In the event of characterization of the Company as an investment company, the failure of the Company to satisfy regulatory requirements, whether on a timely basis or at all, would, under certain circumstances have a materially adverse effect on the Company.

Item 7. Financial Statements.

<TABLE>
<CAPTION>

</TABLE>

Item 8. Changes In and Disagreements With Accountants on Accounting and Financial Disclosures.

None.

PART III

Item 9. Directors, Executive Officers, Promoters and Corporate Persons; Compliance With Section 16(a) of the Exchange Act.

The directors and executive officers of the Company are as follows:

<TABLE>
<CAPTION>

Name	Age	Position
<S>	<C>	<C>
William M. Allen	71	Chairman and Director
Bryan P. Brown	36	President and Director
James D. Grainger, CPA	66	Vice President - Finance
Susan Lurvey	33	Secretary
Robert C. Buffkin	65	Director

</TABLE>

William M. Allen has been President and director from June 1992 and Chairman from February 1997. He has been managing partner of Black Chip Stables from 1982 to date and President of Doric, Inc. from 1985 until its merger with the Company in 1994. He has served as President of Kamm Corporation from 1985 to date and President of Kamm Life from 1985 to date. He was Chairman and CEO of Academy Insurance Group from 1975 to 1984.

Bryan P. Brown was elected as President and director in 1997. He was previously President of Riverwood, a master plan golf course community in Port Charlotte, Florida. He served as Treasurer of the Mariner Group, Inc. and Assistant Vice President of First Union National Bank and First Republic Bank. He also serves as President of the Company's 80% owned subsidiary, Retama Entertainment Group, Inc.

James D. Grainger was elected Vice President - Finance in 1998. He has been a certified public accountant since 1964 and maintains an outside accounting practice. He served as Chief Financial Officer from 1996 to 1997.

Susan Lurvey has been the secretary since June 1992. She has served as executive secretary to Mr. Allen since 1987.

Robert C. Buffkin has been a business consultant specializing in associations and insurance since 1974. He was elected as a director in 1996.

Bryan P. Brown is William M. Allen's son-in-law.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and are required to furnish copies to the Company. To the best of the Company's knowledge, all reports required to be filed were timely filed in fiscal 1997.

Item 10. Executive Compensation.

Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
William M. Allen	1997	$240,000	-0-	-0-
Chairman, Chief	1996	$240,000	-0-	-0-
Executive Officer	1995	-0-	-0-	-0-
Bryan P. Brown, President	1997	$150,000	-0-	-0-

There are no long term compensation or other compensation plans.

Director Compensation

Non-officer directors are entitled to a fee of $2,000 for attendance at meetings of the Board of Directors, plus reimbursement for reasonable travel expenses.

Stock Options

In 1997 the Company granted its directors and officers five year stock options as follows:

Name	No. Of Options	Exercise Price
William M. Allen	300,000	$4.00
Bryan P. Brown	200,000	$2.34
Robert C. Buffkin	10,000	$2.34

The following table summarizes all stock option activities during the year ended December 31, 1997:

<TABLE>

<CAPTION>

	Stock Options	Weighted average exercise price per share
<S>	<C>	<C>
Outstanding as of December 31, 1996	115,000	$2.00
Granted	530,000	$3.28
Expired or canceled	-0-	--
Exercised	(115,000)	$2.00
Outstanding at December 31, 1997	530,000	

</TABLE>

Item 11. Security Ownership of Certain Beneficial Owners and Management.

The following table sets forth, as of March 23, 1998, the beneficial ownership of the Company's Common Stock by (i) the only persons who own of record or are known to own, beneficially, more than 5% of the Company's Common Stock; (ii) each director and executive officer of the Company; and (iii) all directors and officers as a group.

<TABLE>
<CAPTION>

Name and Address	Number of Shares	Percent of Outstanding Common Stock
<S>	<C>	<C>
William M. Allen P.O.Box 531399 Miami Shores, FL 33153	4,146,000(1)(2)	48.1%
Robert C. Buffkin	21,000(2)	*
Susan Lurvey	20,000	*
Bryan P. Brown	245,000	2.8%
James D. Grainger, CPA	41,348	*
Officers and Directors as a group (5 Persons)	4,783,348(2)	50.2%

</TABLE>

(1) Includes 890,000 shares owned by William M. Allen's wife as to which he disclaims any beneficial interest.

(2) Includes stock options held as follows: William M. Allen - 300,000 shares, Bryan P. Brown - 200,000 shares, Robert C. Buffkin - 10,000 shares.

*Less than 2%.

Item 12. Certain Relationships and Related Transactions.

Consulting fees aggregating approximately $384,000 and $160,000 were paid to certain shareholders of the Company in 1997 and 1996, respectively.

In 1997 and 1996, the Company paid $46,200 and $52,234, respectively, to Robert C. Buffkin, a director, for services rendered as a consultant to the Company.

In December 1996 the Company loaned Bryan P. Brown $92,838 with interest at 8%. The loan is due December 1998.

See "Item 2. Properties" herein for a description of the Company's lease of its executive office from its Chairman.

PART IV

Item 13. Exhibits and Reports on Form 8-K.

(a) Certain of the exhibits listed below are incorporated by reference to previously filed registration statement and reports as indicated in the "Incorporated by Reference Note" column and notes below.

<TABLE>
<CAPTION>

Exhibit No.	Incorporated by Reference Note	Description
3(a)	A	Articles of Incorporation of the Registrant
3(b)	B. C, D. E	Articles of Amendment to Articles of Incorporation
3(c)	F	By-Laws of the Registrant
8.7	L	Agreement with Barron Chase Securities, Inc.
8.8	M	Agreement with Hall Solomon & Howe Financial, Inc. dated 10/17/96 covering purchase of Retama Development Corp. bonds
8.9	N	Agreement with Retama Park Association, Inc., Retama Partners, Ltd. and Retama Park Management Co. L.C. relating to purchase of certain Retama Development Corp. Notes.
8.10	O	Agreement to purchase certain real estate in Texas.

</TABLE>

Incorporation by Reference Notes:

Note	Incorporation by Reference
A	Incorporated by Reference to Exhibit 1.1 to Registration Statement No. 33-37608 on Form S-18
B	Incorporated by Reference to Exhibit A to Form 8-K dated December 8, 1992
C	Incorporated by Reference to Exhibit 1.2 to Form 10-KSB for six months ended December 31, 1993
D	Incorporated by Reference to Exhibit 1.3 to Form 10-KSB for six months ended December 31, 1993
E	Incorporated by Reference to Exhibit C to Form 8-K filed December 14, 1994
F	Incorporated by Reference to Exhibit 3.2 to Registration Statement No. 33-37608 on Form S-18
G	Incorporated by reference to Exhibit 8.9 of Form 10-KSB for year ended December 31, 1996
H	Incorporated by reference to Exhibit A of Form 8-K filed November 21, 1996
I	Incorporated by reference to Exhibit B of Form 8-K filed November 21, 1996
J	Incorporated by reference to Exhibit C of Form 8-K filed November 21, 1996

The following exhibits are filed herewith:

8.12 Management Agreement for Retama Park Racetrack

8.13 Agreement dated May 20, 1998 between Registrant and Compressent relating to recision of Preferred Stock Purchase.

8.14 Agreement dated May 20, 1998 between Registrant and

Compressent relating to termination of loan agreement.

8.15	Agreement dated July 15, 1998 relating to sale of Retama Development Corporation bonds among Registrant, International Trading Group I, Inc. And Howe Solomon & Hall, Inc.
27	Financial Data Schedule

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CALL NOW, INC.

July 20, 1998

By: s/Bryan P. Brown

Bryan P. Brown
President

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on July 20, 1998.

s/William M. Allen

William M. Allen, Chairman and
Director (Principal Executive Officer)

s/Bryan P. Brown

Bryan P. Brown, President and
Director

s/James D. Grainger, CPA

James D. Grainger, Vice President -
Finance (Principal Accounting Officer)

s/Robert C. Buffkin

Robert C. Buffkin, Director

CALL NOW, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996

CALL NOW, INC.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1997 AND 1996

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Shareholders
Call Now, Inc.
Miami Shores, Florida

We have audited the accompanying consolidated balance sheet of Call Now, Inc. and subsidiaries as of December 31, 1997 and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the two years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Call Now, Inc. and subsidiaries at December 31, 1997, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

Miami, Florida
February 24, 1998, except
for Note 13 which is as
of July 10, 1998

BDO Seidman, LLP

CALL NOW, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

December 31,	1997
<S>	<C>
ASSETS	
CURRENT	
Cash	$ 179,974
Marketable securities - at market value (Notes 2, 3 and 4):	
Unrestricted	10,239,326
Restricted	1,305,055
Notes and loans receivable (Notes 4 and 9)	1,247,838
Other	439,683
Total current assets	13,411,876
Furniture and equipment, net	11,059
Land (Note 5)	2,369,075

Notes receivable (Note 12)	753,000
Deferred tax asset (Note 3)	801,950
Other assets	65,730
	$17,412,690

</TABLE>

CALL NOW, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

December 31,	1997
<S>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT	
Accounts payable	$ 53,577
Accrued expenses	328,420
Note payable (Note 4)	1,155,000
Income taxes payable	1,000,844
Current maturity of mortgage payable (Note 5)	13,558
Total current liabilities	2,551,399
NON CURRENT	
Deferred income taxes (Note 8)	162,032
Mortgage payable, less current maturity (Note 5)	1,744,026
Deferred gain from bond defeasance transaction (Note 3)	2,150,000
Total long-term liabilities	4,056,058
Total liabilities	6,607,457
COMMITMENT AND CONTINGENCIES (Notes 3, 12 and 13)	
STOCKHOLDERS' EQUITY (Note 6)	
Preferred stock, no par, shares authorized 800,000, none outstanding	--
Common stock, no par, shares authorized 50,000,000, 8,408,944 issued and 8,318,944 outstanding	5,704,965
Retained earnings	5,267,758
Less subscription notes receivable for 115,000 shares of common stock	(230,000)
Unrealized holding gain on marketable securities, net of $162,032 income taxes (Note 2)	268,560
Treasury stock, at cost	(206,050)
Total stockholders' equity	10,805,233
	$17,412,690

</TABLE>

See accompanying summary of accounting policies
and notes to consolidated financial statements.

CALL NOW, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

Years ended December 31,	1997	1996
<S>	<C>	<C>
INCOME:		
Gain on disposal of marketable securities	$ 606,792	$ 5,695,732
Gain on bond defeasance (Note 3)	1,703,086	--
Interest income	754,029	262,250
Miscellaneous	5,135	69,499
Total income	3,069,042	6,027,481
COSTS AND EXPENSES:		
General and administrative	1,952,327	1,279,638
Interest	288,918	98,263
Loss from unconsolidated entity	--	60,808
Depreciation and amortization	16,795	23,380
Total cost and expenses	2,258,040	1,462,089
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND DISCONTINUED OPERATIONS	811,002	4,565,392
Income taxes	(291,112)	(1,716,218)
INCOME BEFORE DISCONTINUED OPERATIONS	519,890	2,849,174
DISCONTINUED OPERATIONS (Note 1):		
Loss from operation of discontinued subsidiary (less tax benefit of $17,500)	--	(29,108)
Gain on disposal of subsidiary (less income taxes of $69,000)	--	114,677
NET INCOME	$ 519,890	$ 2,934,743
Earnings Per Share - Basic and Diluted (Note 14):		
Continuing operations	$ 0.06	$ 0.39
Discontinued operations	$ --	$ 0.01
Net income	$ 0.06	$ 0.40

</TABLE>

See accompanying summary of accounting policies and notes to consolidated financial statements.

CALL NOW, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>
Years ended December 31, 1997 and 1996

	Common Stock		Treasury Stock		Subscription Notes Receivable	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance - December 31, 1995	7,243,700	$3,130,477	--	$ --	250,000	$(200,000)

Cancellation of shares	(10,000)	(8,000)	--	--	--	--
Reduction of unrealized holding gain, net of income taxes	--	--	--	--	--	--
Property dividend	--	--	--		--	--
Common stock received (and retired) in connection with disposition of subsidiary	(100,000)	(200,000)	--	--	--	--
Issuance of common stock for purchase of marketable securities	385,700	337,488	--	--	--	--
Net income	--	--	--	--	--	--
Balance - December 31, 1996	7,519,400	$3,259,965			250,000	$ 200,000)
Reduction of unrealized holding gain, net of income taxes	--	--	--	--	--	--
Common stock issued in exchange for marketable securities	760,000	2,185,000	--	--	--	--
Purchase of treasury stock	--	--	90,000	(206,050)	--	--
Common stock bonus	14,544	30,000	--	--	--	--
Collection of stock subscription notes receivable for services rendered	--	--	--	--	(250,000)	200,000
Exercise of stock options for notes receivable	115,000	230,000	--	--	115,000	(230,000)
Net income	--	--			--	--
Balance - December 31, 1997	8,408,944	$5,704,965	90,000	$(206,050)	115,000	$(230,000)

<CAPTION>
Years ended December 31, 1997 and 1996

<S>	Unrealized Holding Gain (Loss) <C>	Retained Earnings <C>	Total <C>
Balance - December 31, 1995	$ 2,250,000	$2,030,156	$ 7,210,633
Cancellation of shares	--	--	(8,000)
Reduction of unrealized holding gain, net of income taxes	(1,656,103)	--	(1,656,103)
Property dividend	--	(217,031)	(217,031)
Common stock received (and retired) in connection with disposition of subsidiary	--	--	(200,000)
Issuance of common stock for purchase of marketable securities	--	--	337,488
Net income	--	2,934,743	2,934,743
Balance - December 31, 1996	$ 593,897	$4,747,868	$ 8,401,730
Reduction of unrealized holding gain, net of income taxes	(325,337)	--	(325,337)
Common stock issued in exchange for marketable securities	--	--	2,185,000
Purchase of treasury stock	--	--	(206,050)
Common stock bonus	--	--	30,000
Collection of stock subscription notes receivable for services rendered	--	--	200,000
Exercise of stock options for notes receivable	--	--	--
Net income	--	519,890	519,890

Balance - December 31, 1997	$ 268,560	$5,267,758	$10,805,233

See accompanying summary of accounting policies and notes to consolidated financial statements.

CALL NOW, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(NOTE 11)

Years ended December 31,	1997	1996
OPERATING ACTIVITIES:		
Net income	$ 519,890	$ 2,934,743
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	16,795	54,667
Cancellation of stock for services	--	(8,000)
Furniture and equipment charged-off	24,100	--
Provision for doubtful accounts	--	19,167
Issuance of stock for services	30,000	--
Stock subscription receivable for services rendered	200,000	--
Gain on disposal of marketable securities	(606,792)	(5,695,732)
Gain on bond defeasance	(1,703,086)	--
Gain on disposal of subsidiary	--	(183,677)
Loss from unconsolidated entity	--	60,808
Change in assets and liabilities, net of businesses disposed of:		
(Increase) decrease in:		
Accounts receivables	--	(21,161)
Other current assets	(417,727)	895
Deferred tax asset	(801,950)	--
Other assets	2,380	(8,978)
Increase (decrease) in:		
Accounts payable	(484,967)	(225,946)
Accrued expenses	215,508	24,321
Income taxes payable	(1,766,888)	1,218,213
Cash used in operating activities	(4,772,737)	(1,830,680)

CALL NOW, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(CONTINUED) (NOTE 11)

Years ended December 31,	1997	1996
INVESTING ACTIVITIES:		
Capital expenditures	$ (2,250)	$ (8,846)
Cash transfer on sale of subsidiary	--	(44,014)
Purchase of marketable securities	(2,512,024)	(10,657,693)
Proceeds from sale of marketable securities	748,669	17,110,180
Proceeds from bond defeasance	3,853,086	--
Advances and loans	--	(1,190,429)

Addition to land	(6,015)	(593,060)
Payment for acquisition of customer base	--	(26,150)
Notes and loans:		
Advances	(753,000)	--
Collections	1,097,591	--
Cash provided by investing activities	2,426,057	4,589,988
FINANCING ACTIVITIES:		
Proceeds from loans	1,075,000	--
Payments on margin loan	--	(1,304,266)
Purchase of treasury stock	(206,050)	--
Payments on long term debt and capital lease obligations	(12,416)	(26,178)
Cash provided by (used in) financing activities	856,534	(1,330,444)
Net increase (decrease) in cash	(1,490,146)	1,428,864
Cash, beginning of year	1,670,120	241,256
Cash, end of year	$ 179,974	$ 1,670,120

</TABLE>

See accompanying summary of accounting policies and notes to consolidated financial statements.

CALL NOW, INC.
AND SUBSIDIARIES

SUMMARY OF ACCOUNTING POLICIES

NATURE OF BUSINESS

After exiting the long distance telephone business in 1996, the Company has redeployed its assets primarily into real estate by the acquisition of 118 acres of land in Williamson County, Texas which it may develop and acquiring $93,925,000 face amount bonds and notes secured by a lien on the Retama Park Horse Racing Facility ("Facility") in suburban San Antonio, Texas. In addition, the Company entered into a contract to manage the Facility commencing January 1998.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Call Now, Inc. and its wholly-owned subsidiaries ARN Communications Corp. ("ARN"), Retama Entertainment Group, Inc., and Andice Development Co. (collectively "the Company"). Investments in which the Company does not have a majority voting or financial controlling interest are accounted for under the equity method of accounting unless its ownership constitutes less than a 20% interest in such entity for which such investment would then be included in the consolidated financial statements on the cost method. All significant intercompany transactions and balances have been eliminated in consolidation.

MARKETABLE SECURITIES

In accordance with Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," (SFAS 115), the Company classifies its investment portfolio according to the provisions of SFAS 115 as either held to maturity, trading, or available for sale. At December 31, 1997, the Company classified its investment portfolio as available for sale and held to maturity. Securities available for sale are carried at fair value with unrealized gains and losses included in stockholders' equity.

Gain or losses from the sale or redemption of the investments are determined using the specific identification method.

INCOME TAXES	The Company accounts for income taxes pursuant to the provisions of the Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes", which requires an asset and liability approach to calculating deferred income taxes. The asset and liability approach requires the recognition of deferred tax liabilities and assets

	for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.
EARNINGS PER COMMON SHARE	Effective December 31, 1997, the Company adopted Financial Accounting Standards (SFAS) No. 128, "Earnings Per Share," which simplifies the computation of earnings per share requiring the restatement of all prior periods.
	Basic earnings per share are computed on the basis of the weighted average number of common shares outstanding during each year.
	Diluted earnings per share are computed on the basis of the weighted average number of common shares and dilutive securities outstanding. Dilutive securities having an antidilutive effect on diluted earnings per share are excluded from the calculation.
UNINSURED CASH BALANCES	The Company maintains its cash balances at several financial institutions. Accounts at the institutions are secured by the Federal Deposit Insurance Corporation up to $100,000. Periodically, balances may exceed this amount. At December 31, 1997, uninsured balances aggregated $55,300.
CONCENTRATION OF CREDIT RISK/ECONOMIC DEPENDENCY	The Company's current business involves two ventures which are interest rate sensitive. First, is ownership of tax exempt bonds secured by a first mortgage on the Retama Park Horse Racing Facility near San Antonio, Texas. The second, is ownership of development property in Williamson County, Texas (near San Antonio, Texas). Both ventures are dependent on continued low interest rates and economic prosperity in the San Antonio metropolitan area.
PREPARATION OF FINANCIAL STATEMENTS	The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS	The carrying value of financial instruments including marketable securities, notes and loans receivables, accounts payable and notes payable approximate their fair values at December 31, 1997.
LONG-LIVED ASSETS	Statement of Financial Accounting Standards No. 121 "Accounting for Impairment of Long-Lived Assets and for

Long-Lived Assets to be Disposed of" requires, among other things, impairment loss of assets to be held and gains or losses from assets that are expected to be disposed of be included as a component of income from continuing operations before taxes on income.

STOCK BASED COMPENSATION	Statement of Financial Accounting Standards No. 123, "Accounting for Stock Based Compensation." SFAS No. 123 establishes a fair value method for accounting for stock-based compensation plans either through recognition or disclosure. The Company did not adopt the fair value based method but instead discloses the effects of the calculation required by the statement.
FUTURE ACCOUNTING PRONOUNCEMENTS	Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income," establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income is defined to include all changes in equity except those resulting from investments by owners and distributions to owners. Among other disclosures, SFAS No. 130 requires that all items that are required to be recognized under current accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements.

Statement of Financial Accounting Standards (SFAS) No. 131, Disclosures about Segments of an Enterprise and Related Information, supersedes SFAS No. 14, "Financial Reporting for Segments of a Business Enterprise." SFAS 131, establishes standards for the way that public companies report information about operating segments in annual financial statements and requires reporting of selected information about operating segments in interim financial statements issued to the public. It also establishes standards for disclosures regarding products and services, geographic areas and major customers. SFAS 131 defines operating segments as components of a company about which separate financial information

is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

These new standards are effective for financial statements for periods beginning after December 15, 1997 and require comparative financial information for earlier years to be restated. Due to the recent issuance of these standards, management has been unable to fully evaluate the impact, if any, they may have on future financial statement disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DISPOSITION OF SUBSIDIARY

Effective August 1996, the Company sold the assets and liabilities of its long distance services company, ARN. Under the terms of the agreement, the former President of ARN exchanged one hundred thousand shares, valued at $200,000, of Call Now, Inc. common stock for all of the assets and liabilities of ARN.

The following is the results of operations of ARN for the period January 1 to the date of disposition (August 20, 1996):

Revenues	$ 323,412
Loss from operations	$ (46,608)

2. MARKETABLE SECURITIES

The carrying amounts of marketable securities as shown in the accompanying balance sheet and their approximate market values at December 31, 1997 are as follows:

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Held to maturity:				
U.S. government obligations (Note 4)	$1,305,055	$ --	$ --	$ 1,305,055
	1,305,055	--	--	1,305,055
Available for sale:				
Municipal bonds and notes	$9,154,929	$ --	$ --	$ 9,154,929
Corporate securities	653,804	430,593	--	1,084,397
	$9,808,733	$430,593	$ --	$10,239,326

Unrealized gains on securities available for sale at December 31, 1997 are shown net of income taxes as a component of stockholders' equity.

At December 31, 1997, marketable securities with a carrying value of $1,305,055 were pledged to collateralize the note payable to a Broker Dealer. (Note 4).

3. INVESTMENT IN BONDS AND BOND DEFEASANCE TRANSACTION

On September 20, 1996, the Company acquired $52,274,000, 8.75% term bonds of Retama Development Corporation ("RDC") Special Facilities Revenue Bonds, Series 1993 for a purchase price of $10,300,000. The bonds were secured by a first mortgage on the Retama Park Horse Racing facility.

In November 1996, the Company purchased $39,275,000 principal amount of Retama Development Corporation Series 1993A notes and $500,000 of Retama Development Corporation Series 1993B notes for 385,700 shares of the Company's common stock valued at $337,488. The notes were secured by a lien on the Retama Park Horse Racing facilities, including real and personal property.

Simultaneously, the Company sold 50% of the bonds and notes to a broker/dealer for an initial payment of $1,740,000 and future payments of $1,950,000 to be paid prior to December 16, 1996. At December 31, 1996, $850,000 was uncollected.

On March 26, 1997, the Company participated in the defeasance of the RDC bonds and notes held by it, and received cash in the amount of $3,853,086, $3,640,000, 7% Series 1997 A Bonds and $45,200,000, 8% Series 1997 B Bonds as part of the defeasance. The 1997 bonds were valued by an independent third party at the same value as the carrying value of the 1993 bonds.

On April 7, 1997, the Company acquired the balance of the RDC bonds in exchange for 760,000 shares of the Company's common stock, 15,000 shares of Compressent Corporation ("Compressent") common stock, and $2,150,000 in cash. The cost of the remaining bonds purchased by the Company, including acquisition costs, was $3,187,728. At December 31, 1997 the Company's total holdings of RDC bonds are: (a) 1997 Series A, 7% bonds - $7,000,000 and (b) 1997 Series B, 8% bonds - $86,925,000.

Under the terms of the bond defeasance, after giving effect to the purchase of the additional bonds referred to in the preceding paragraph, the Company had a gain of $3,853,086. However, the Company is obligated to lend to RDC, to fund any operating deficit (as defined) of RDC, up to $2,150,000 for a two-year period expiring March 1999, of which $703,000 has been advanced at December 31, 1997.

As a result of the foregoing obligation, the Company has reduced the gain on the bond defeasance by $2,150,000 which is reflected in the accompanying balance sheet as deferred gain from bond defeasance. In this connection, a deferred tax asset of $801,950 has been recorded.

4. NOTES AND LOANS RECEIVABLE

Notes and loans receivable at December 31, 1997 comprise the following:

<TABLE>

<S>	<C>
On March 24, 1997, the Company renewed an agreement with a broker-dealer whereby the Company executed a secured demand note payable to the broker-dealer in the amount of $1,155,000, without interest, payable on demand, collateralized by the pledge of U.S. Treasury bills ($1,305,055 at December 31, 1997); such amount is included in marketable securities-restricted in the accompanying balance sheet; simultaneously, the broker-dealer signed a note payable to the Company in a like amount bearing interest at 12% per annum, maturing March 31, 1998. The Company has advised the broker-dealer that it will not renew this agreement.	$1,155,000
Note receivable from an officer bearing interest at 8% per annum, principal and interest due December 20, 1998, collateralized by 45,000 shares of the Company's common stock.	92,838

$1,247,838

</TABLE>

5. LAND

On July 15, 1996, the Company acquired 118 acres of development property in Williamson County, Texas for a purchase price of $2,363,060. Under the terms of the purchase, the Company paid $589,310 and executed a seven year, 9% note, in the approximate amount of $1,770,000 with annual principal and interest payments of $85,721 commencing January 1997 and ending July 15, 2003, at which time the remaining $1,655,056 balance is due.

The following is a summary of annual principal payments due under this note:

<TABLE>
<CAPTION>

Year	Amount
<S>	<C>
1998	$ 13,558
1999	14,806
2000	16,169
2001	17,657
2002	19,282
2003	1,676,112
	$1,757,584

</TABLE>

6. STOCKHOLDERS' EQUITY

The Company has authorized 800,000 shares of no par value preferred stock. Of the 800,000 shares, 300,000 are designated Class A convertible redeemable preferred stock (Class A), 7,500 are designated Class B convertible redeemable preferred stock (Class B) and 300,000 are designated as Class C convertible redeemable preferred stock (Class C).

The Class A preferred stock is non-voting, redeemable at the option of the Company at a price of $5 per share plus accrued but unpaid dividends, and convertible into five shares of common stock at the option of the holder. The Class A preferred stockholders are entitled to receive an annual dividend of $.30 per share. Of the 300,000 designated shares, none were outstanding at December 31, 1997.

The Class B preferred is non-voting stock redeemable at the option of the Company at a price of $100 per share plus accrued but unpaid

dividends, and is convertible into 100 shares of common stock at the option of the holder. The Class B preferred stockholders are entitled to receive an annual dividend of $6.00 per share. Of the 7,500 designated shares, none were outstanding at December 31, 1997.

The Class C preferred stock is non-voting, redeemable at the option of the Company at a price of $3.00 per share plus one share of common stock, and convertible into one share of common stock at the option of the holder. Of the 300,000 designated shares, none were outstanding at December 31, 1997.

In a prior year, the Company entered into "Consultant's Stock Purchase and Sale Agreements" (stock subscription notes receivable) with several individuals. In exchange for providing certain advisory and/or consulting services, the individuals were entitled to purchase 710,000 shares of the Company's common stock at $.80 per share. The purchase price was payable in five years, with interest at prime plus 1% per annum. All or a portion of any compensation due by any of the individuals may be credited to the purchase price of the stock.

During 1997, services provided by several individuals in the aggregate amount of $200,000 have been applied to the stock subscription notes receivable. In a separate transaction, the Company authorized three of its officers and employees to exercise options aggregating 115,000 in exchange for notes totaling $230,000. At December 31, 1997, accrued interest receivable on the subscription notes receivable amounted to $16,212.

The board of directors of the Company declared, and distributed, a stock dividend from the Company's holdings of Compressent's common stock, valued at $217,031, on the basis of one share of Compressent Corporation's common stock for each ten shares of the Company's common stock held on the record date of March 12, 1996. In this connection, $182,944, representing the excess of the cost of the shares distributed over the market value of such shares, was charged to operations during 1996 and the loss is reflected in gain on disposal of marketable securities. At December 31, 1997, the Company continues to hold 204,897 shares of Compressent common stock (see Note 13).

7. STOCK BASED COMPENSATION

At December 31, 1997, the Company has non-plan options which are described below. The Company applies APB Opinion 25, Accounting for Stock Issued to Employees, and related Interpretations in accounting for the options. Under APB Opinion 25, because the exercise price of the Company's employee stock options equals or exceeds the market price of the underlying stock on the date of grant, no compensation cost is recognized.

In 1995, the Company granted options to purchase 115,000 shares of its common stock to its corporate counsel, chief financial officer and controller. The options are exercisable at $2 per share and expire three years from the date of grant. These options were exercised during 1997.

On April 25, 1997, the Company granted a stock bonus of 14,544 shares of its common stock to its corporate counsel, chief financial officer and controller. In addition, on the same date, the Company granted options to purchase 530,000 shares of its common stock to its president, chief executive officer and two members of its board of directors. The options are exercisable at prices ranging from $2.34 - $4 per share and expire five years from the date of grant.

FASB Statement 123, Accounting for Stock-Based Compensation, requires the Company to provide pro forma information regarding net income and net income per share as if compensation cost for the Company's options had been determined in accordance with the fair value based method prescribed in FASB Statement 123. The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 1997 and 1996: no dividend yield percent; expected volatility of 46.5 and 0.1 percent; risk-free interest rates of 6.8% and 6.0%, and expected lives of 4.3 years and 3 years for the non-plan options.

Under the accounting provisions of FASB Statement 123, the Company's net income and earnings per share would have been reduced to the pro forma amount indicated below:

<TABLE>
<CAPTION>

	1997	1996
<S>	<C>	<C>
Net income		
As reported	$ 519,890	$2,934,743
Pro forma	256,522	2,934,743
Earnings per share		
As reported	.06	.40
Pro forma	.03	.40

</TABLE>

A summary of the status of the Company's non-plan options as of December 31, 1997 and 1996, and changes during the years ended on those dates are presented below:

<TABLE>
<CAPTION>

	December 31, 1997		December 31, 1996	
	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
<S>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	115,000	$2.00	115,000	$2.00
Granted	530,000	3.27	--	--
Exercised	(115,000)	2.00	--	--
Forfeited	--	--	--	--
Outstanding at end of year	530,000	3.27	115,000	2.00
Options exercisable at year-end	530,000	3.27	115,000	2.00
Weighted-average fair value of options granted during the year	--	.80	--	.08

</TABLE>

The following table summarizes information about non-plan options outstanding at December 31, 1997:

Range of Exercise Prices	Options Outstanding: Number Outstanding at 12/31/97	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options Exercisable: Number Exercisable at 12/31/97	Weighted-Average Exercise Price
$ 2.34	230,000	4.3 years	2.34	230,000	2.34
4.00	300,000	4.3 years	4.00	300,000	4.00

8. INCOME TAXES

The components of the provision for income taxes are as follows:

Year ended December 31,	1997	1996
Current:		
Federal	$ 224,657	$ 1,509,094
State	66,455	258,624
	$ 291,112	$ 1,767,718

Such income taxes are included in the accompanying consolidated financial statements as follows:

	1997	1996
Income from operations	$ 291,112	$ 1,716,218
Loss from operation of discontinued subsidiary	--	(17,500)
Gain on disposal of subsidiary	--	69,000
	$ 291,112	$ 1,767,718

The above provision has been calculated based on Federal and State statutory rates.

The temporary differences at December 31,1997 which gave rise to a deferred income tax liability of $162,032 is attributable to unrealized holding gains on marketable securities and a deferred tax asset of

$801,950 due to the deferral of the $2,150,000 gain from the bond defeasance (Note 3).

9. RELATED PARTY TRANSACTIONS

Consulting fees aggregating approximately $384,000 and $160,000 were incurred to certain shareholders and directors of the Company in 1997 and 1996, respectively.

The Company leases office space from its chief executive officer and majority shareholder on a month to month basis. The Company incurred rental expenses of $30,000 for the use of such facilities for 1997 and 1996.

At December 31, 1997, outstanding notes receivables from the Company's stockholders and officers amounted to $322,838.

10. MANAGEMENT AGREEMENT

On October 27, 1997 the RDC's Board of Directors approved a management contract granting Retama Entertainment Group, Inc., an 80% owned subsidiary of the Company, the right to manage the operations of the Facility commencing on January 1, 1998. The three year agreement provides Retama Entertainment Group, Inc., with a monthly management fee of $15,000 plus a variable fee equal to 25% of profits in excess of $1,000,000 annually. As of December 31, 1997, operations of this subsidiary had not commenced.

11. SUPPLEMENTAL CASH FLOW INFORMATION

<TABLE>
<CAPTION>

Year ended December 31,	1997	1996
<S>	<C>	<C>
Cash paid for interest	$ 288,900	$ 25,250
Cash paid for income taxes	2,877,000	550,000

</TABLE>

SUPPLEMENTARY INFORMATION:

During the year ended December 31, 1997, noncash investing and financing activities are as follows:

- Purchase of $45,085,000 principal amount of RDC Series 1997 A and B for 760,000 shares of the Company's common stock valued at $2,125,000, and the assumption of a note payable in the amount of

$200,000 and funding liability obligation in the amount of $1,075,000.

- Cancellation of a note payable in the amount of $150,000 for 15,000 shares of Compressent common stock valued at $10.00 for share.

- Issuance of 115,000 shares of the Company's common stock in exchange for subscription notes receivable in the amount of $230,000.

During the year ended December 31, 1996, noncash investing and financing activities are as follows:

- On August 20, 1996 the Company sold all of the assets and liabilities of its subsidiary, ARN. The gain on sale is reconciled as follows:

<TABLE>

<S>	<C>
Fair value of assets sold	$ 183,371
Liabilities assumed by buyer	(167,048)
Net assets sold	16,323
Receipt of 100,000 shares of Call Now, Inc. common at fair market value	200,000
Gain on sale	$ 183,677

</TABLE>

- Fair market value of dividend paid in Compressent common stock, valued at $217,031.

- Mortgage payable of $1,770,000 incurred in the purchase of land.

- Purchase of $39,275,000 principal amount of RDC Series 1993A notes and $500,000 of RDC Series 1993B notes for 385,700 shares of the Company's common stock valued at $337,488.

- Reversal of temporary differences resulting in a reclassification between deferred and current income tax payable of $1,495,195.

Unrealized holding gains on marketable securities aggregated $430,592

and $951,047 for the years ended December 31, 1997 and 1996 for which deferred income tax effects were $162,032 and $357,000, respectively.

12. CONTINGENCIES

In 1994, a former director, filed a lawsuit in Florida against the Company seeking damages of approximately $500,000 for breach of an oral employment agreement. On May 14, 1998, this litigation was settled. In this connection, the Company has agreed to pay $50,000 and to issue 26,500 shares of its common stock to the former director.

During 1996, the Securities and Exchange Commission advised the Company that it may be an investment company as defined by the Investment Company Act of 1940. In the event the Company is deemed to be an investment company, the Company may become subject to certain restrictions relating to the Company's activities, including restrictions on the nature of its investments and the issuance of securities. In addition, the Investment Company Act imposes certain requirements on companies deemed to be within its regulatory scope, including registration as an investment company, adoption of a specific form of corporate structure and compliance with certain reporting, record keeping, voting, proxy, disclosure and other rules and regulations. In the event of characterization of the Company as an investment company, the failure of the Company to satisfy regulatory requirements, whether on a timely basis or at all, could, under certain circumstances have a materially adverse effect on the Company.

13. SUBSEQUENT EVENTS

In February 1998, the Company entered into a loan agreement with Compressent in which the Company was obligated to lend, on or before July 31, 1998, upon the request of Compressent's Board of Directors, up to $10,000,000. Amounts loaned were to be due one year from the date of the loan and would bear interest at 15% a year. In addition, the Company was to receive a $400,000 commitment fee at the time of the first loan advance. In connection with the loan agreement, the Company would receive, warrants to acquire 500,000 shares of the Compressent's common stock at $6.25 per share.

In addition, the Company exchanged $3,500,000 face amount of its investment in RDC, Series A Bonds for 56,000 shares of Compressent, 7.5% cumulative convertible preferred stock, which would be convertible into 560,000 shares of Compressent's common stock and an option to acquire 500,000 shares of Compressent's common stock for $6.25 per share.

On May 20, 1998, the Company and Compressent terminated the loan agreement before any loan was made thereunder. In addition, the parties rescinded the preferred stock and warrant purchase by each party returning to the other the securities originally exchanged. However, Compressent, upon the original receipt of the RDC bonds, borrowed approximately $2,000,000, pledging the bonds as collateral. In this connection, upon termination of the agreement, the Company assumed the approximate $2,000,000 loan, and agreed to receive 1,333,333 unregistered shares of Compressent common stock. The Company and the lender have agreed to extend the due date of the loan to January 1999. In addition, the Company will issue 150,000 shares of its common stock to the lender and receive 100,000 shares of Compressent common stock plus warrants to purchase 100,000 shares of Compressent common stock at $1.00 a share.

In July 1998, the Company entered into an agreement to purchase, for substantial amounts, three additional thoroughbred race tracks: Louisiana Downs, Thistledown and Remington Park. In this connection, the Company paid a $2,000,000 refundable deposit to the sellers and has until September 24, 1998 to complete its due diligence and financing arrangements and decide if it intends to complete the transaction.

In July 1998, the Company sold $3,500,000 face amount of its investment in RDC Series A Bonds for $2,150,000. The Company has the option to repurchase the bonds on or before January 1, 1999 for $2,150,000 plus accrued interest.

14. EARNINGS PER SHARE

The following reconciles the components of the earnings per share (EPS) computation:

<TABLE>
<CAPTION>

For the years ended December 31,	1997			1996		
	Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)	Shares (Denominator)	Per-Share Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Earnings per common share						
Income from continuing operations available to common shareholders	$ 519,890	8,090,594	$ .06	$2,849,174	7,278,257	$ .39
Effect of Dilutive Securities:						
Stock options	--	25,510	--	--	--	--
Income from continuing operations available to common shareholders plus assumed conversions	$ 519,890	8,116,104	$ .06	2,849,174	7,278,257	$ .39

</TABLE>

Options to purchase 300,000 shares and 115,000 shares of common stock at $4.00 and $2.00 per share were outstanding during 1997 and 1996, respectively, but were not included in the computation of diluted EPS as the options' exercise price was greater than the average market price of the common shares. The 115,000 options, which expire in 1998 were outstanding at December 31, 1996 and were exercised in 1997; the 300,000 options which expire in 2002, were outstanding at December 31, 1997.

EXHIBIT 8.12

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT dated as of December 1, 1997, between Retama Development Corporation having an office at 1 Retama Parkway, Selma, Texas 78154 ("Owner"), Retama Partners, Ltd. having an office at 1964 South Alamo, San Antonio, Texas 78204 ("License Holder"), and Retama Entertainment Group, Inc., a Texas Limited Liability Corporation, having an office at 1 Retama Parkway, Selma, Texas 78154 ("Operator").

ARTICLE I

LIMITATIONS ON AUTHORITY OF OPERATOR

1.1 In addition to the other provisions of this Agreement which limit the actions which Operator may take on its own behalf or on behalf of Owner, Operator may not, without the prior written consent of Owner (which consent shall not be unreasonably withheld or delayed), negotiate or execute any of the following types of agreements on its behalf or on behalf of Owner for leasing, licensing or granting of concessions tbr commercial space or services at the Class I Horse Racetrack located in the City of Selma, Bexar County, Texas (the "Racetrack") or for providing services with respect to the Racetrack:

(a) Agreements providing for the sale or acquisition of real property or of personal property which is not to be used in the ordinary course of the business of operating the Racetrack;

(b) Agreements which have a term or any commitment by Owner or Operator in excess of one year, except agreements or purchases approved and set tbrth in the annual Business Plan as hereinafter defined in Section 4.4(a).

(c) Agreements which require aggregate expenditure by Owner in excess of $250,000.00 except agreements or purchases approved and set forth in the annual Business Plan.

ARTICLE II

TERM

2.1 This agreement shall be effective upon the Effective Date (the "Commencement Date"), and shall continue in force until 11:59 p.m., November 1, 2000. Notwithstanding the foregoing, the Owner may extend the Agreement, at its sole option, to 11:59 p.m. on November 1, 2002, by giving to Operator not less than ninety (90) days

prior written notice of its intention to extend this Agreement. Should Owner chose to extend this Agreement, Operator may, but is not required to, agree to such extension.

ARTICLE III

OPERATION OF RACETRACK BY OPERATOR

3.1 During the term of this Agreement, Operator shall operate the Racetrack, considering the physical characteristics of the Racetrack and the markets available to it, shall provide or cause to be provided all amenities in connection therewith which are customary and usual to such an operation and shall conduct regular horse race meetings with wagering on the results and related activities as permitted by the Texas Racing Commission in a manner calculated to optimize financial performance.

3.2 Owner and License Holder engage Operator, as an independent contractor, to be the exclusive operator and manager of the Racetrack during the term of this Agreement upon the terms and conditions of the Agreement. Subject to the provisions of Article I and the other provisions of this Agreement, Operator shall have absolute control and discretion in the operation, direction, marketing, maintenance, and management of the Racetrack, including the authority to enter into agreements and take such other actions, as an independent contractor, but on behalf of Owner. as Operator shall reasonably deem appropriate, in its name on behalf of the Owner or in Owner's name except as expressly provided herein to the contrary.

3.3 Subject to the other terms and provisions of this Agreement, Operator shall have the exclusive right to hire, discharge, supervise, promote, train, determine salaries and benefits of, and establish personnel policies and incentives for and otherwise handle relations with Racetrack personnel. All Racetrack personnel shall be employees of Operator, other than contracted labor and/or services such as Grandstand cleaning.

3.4 Notwithstanding the powers and rights granted to Operator pursuant to this Article III, Operator must operate the Racetrack consistent with the provisions of the Texas Racing Act and the rules of the Texas Racing Commission.

ARTICLE IV

REPORTING, OPERATING BUDGETS, AND CAPITAL BIJDGETS

4.1 Within sixty (60) days after the end of each Fiscal Year of

Owner ("Fiscal Year") that ends during the term of this Agreement, Operator shall submit to Owner a balance sheet, a statement of operations and a statement of net cash flow (the "Annual Financial Statements"), in comparative form with the preceding Fiscal Year, all in

3

reasonable detail, in accordance with generally accepted accounting principles. Fiscal Year shall be defined as the calendar year.

4.2 (a) Beginning on the Commencement Date, Operator shall keep or cause to be kept, for the account of Owner, complete and accurate books of account and other records reflecting the results of the operation of the Racetrack, on an accrual basis in accordance with generally accepted accounting principles.

(b) Owner and License Holder may through its duly appointed agents, inspect all such operating reports, books and records during normal daytime business hours at the racetrack or the offices of the Operator, at whichever locations any such records are maintained from time to time.

(c) Operator shall obtain an audit of the financial statements which shall be completed within 180 days of the fiscal year end. The auditor shall be approved bv Owner.

4.3 Within tbrty five (45) days alter the end of each month during the term of this Agreement, Operator shall submit to Owner, Trustee and License Holder a financial statement showing the financial results of operation of the Racetrack tbr such month, together with the financial results of the operation for the period from the beginning of the Fiscal Year to the end of such month. Such statement shall: (i) be in customary form, providing comparison with the items contained in the current Business Plan (as defined in Section 4.4(a) which has been approved by Owner or has otherwise been approved as provided in Section 4.4(c) and with the prior Fiscal Year's results; (ii) be taken from the books and records with respect to the Racetrack maintained by the Operator; (iii) be prepared on the accrual basis in accordance with generally acceptable accounting principles; and (iv) include a statement of operations (with budget variances including variances in admissions and handle), a balance sheet, a reconciliation cash flow, and any other financial schedules rcasonably requested by Owner or License Holder.

4.4 (a) At least one hundred twenty (120) days before the end of each Fiscal Year during the term of this Agreement, Operator shall submit to Owner and License Holder, for written approval, an annual Business Plan (the "Business Plan") for the operation of the Racetrack for the forthcoming Fiscal Year. The Business Plan for each Fiscal Year shall consist of: (i) an operating budget (the "Operating Budget") showing, in reasonable detail, the projected or estimated revenue and expenses, including reconciliation of cash flow, in respect of the Racetrack for the Fiscal Year on a month-to-month basis; and (ii) a capital budget (the "Capital Budget") showing in reasonable detail, the projected or estimated capital expenditures to be made with respect to the Racetrack for such Fiscal Year. Operating projections for the Fiscal Year shall include a description of the methods to be employed and the practices, policies and strategies to be adopted in order to achieve such projections. The form of the Business Plan will be in the form attached hereto as Exhibit ~'A", as such form may be modified hereafter with the consent of Owner and Operator. The expenditures in any Capital Budget shall be shown

by fiscal month or quarter for each Fiscal Year (or portion thereof') covered by the Capital Budget. All original and updated Capital Budgets shall cover a minimum of twelve (12) fiscal months.

(b) Owner and Operator shall jointly review each Business Plan and all of the items constituting the Business Plan and shall approve the Business Plan and attempt to resolve any differences of opinion with respect to the contents of the Business Plan.

(c) Owner shall give its written approval or disapproval of the Business Plan not later than thirty (30) days after the delivery of the proposed Business Plan to Owner by Operator. If Owner does not approve or disapprove any portion of such Business Plan within such 30-day period, then Owner shall be deemed to have approved the Business Plan as submitted by Operator. If Owner objects to all or any portion of such Business Plan, then Owner shall noti~, Operator of the reasons for its objections. and Owner and Operator shall use their reasonable efforts to agree in respect to the items to which Owner objects. Should Owner and Operator not reach agreement on all or any portion of the Business Plan prior to the commencement of the Fiscal Year to which such Business Plan relates, Operator shall be entitled to operate the Racetrack in accordance with the immediately prior Fiscal Year's Business Plan (or those portions of the current Business Plan which have been agreed upon by Owner and Operator or that Owner has not disapproved), for the Fiscal Year covered by the Business Plan, pending Owner's approval of a new Business Plan, or such disputed portions thereof, for such Fiscal Year. With regard to the portions of the Business Plan as to which agreement has not yet been reached, Operator shall operate the Racetrack at rates or levels of expenditures comparable to those of the preceding Fiscal Year with suitable adjustments of rates and expenses for such items or portions thereof as reasonably dictated by inflationary factors and for such other items included within the disputed portions of the Business Plan which have been agreed upon by Owner and Operator. Any interim business plan used pursuant to this Section 4.4(c) shall be ret~rred to as the Interim Business Plan.

(d) Once a Business Plan has been approved or deemed approved by

Owner (or portions thereof have been approved or an Interim Business Plan has been deemed approved as proved for in Section 4.4[c]), Operator may incur expenditures set forth in such Business Plan or Interim Business Plan.

(e) For the purposes of reviewing the operation and management of the Racetrack, including, but not limited to, Business Plans proposed by Operator and such other matters as Owner may determine, Owner and Operator shall meet as frequently and at such place, date, and time and among such persons, all as Owner shall reasonably require. Without limiting the foregoing, Operator agrees that at least four times each Fiscal Year (e.g., on or about January 10, April 10, July 10, and October 10) Owner and Operator shall review in particular the Business Plan for such Fiscal Year, and in the case of the last meeting scheduled before the end of the Fiscal Year, the Business Plan proposed by Operator for the next succeeding Fiscal Year. Amendments to the

Businesses Plan shall be made as agreed between Owner and Operator to reflect changes in business activity or other factors affecting economic performance.

4.5 Subject to approval oF Owner, which approval shall not be unreasonably withheld or delayed, Operator shall have the right to "subcontract" concessions or other service contracts when such action is in the best interest of the Racetrack. Any such contract shall comply with the provisions of Rev. Proc. 93-19, as amended by the Internal Revenue Service.

4.6 Owner shall not during the term of this agreement compete with the duties reserved to Operator by this Agreement.

ARTICLE V

BANK ACCOUNTS AND CASH DISBURSEMENTS

5.1 The Owner shall establish one or more commercial banking accounts as provided for in the Business Plan and the Indenture. Operator shall designate at least two employees of Operator who will have signature authority on such accounts. Operator shall take all necessary actions to make the daily transfers from such accounts held by the Trustee under the Indenture as required thereby. The accounts described in this Section 5.1 shall be referred to as the Agency Accounts. Operator shall annually present to Owner a list of employees with signature authority. Owner may request bonding of employees with signature authority if adequate insurance is not in place covering the actions of such persons.

5.2 Owner shall bear all losses resulting t(Y)om any failure or insolvency of the bank, trust company or other financial institution in which the Agency Accounts or the investments authorized by Section 5.3

are maintained. Operator shall maintain the Agency Accounts at either Frost National Bank, Banc One or another financial institution acceptable to Owner. Upon the termination of this Agreement, and the payment to Operator of all amounts due upon such termination, all remaining amounts in the Agency Accounts shall be transferred to Owner.

5.3 After adequate working capital reserves have been provided in accordance with the current approved Business Plan and the Indenture, Operator shall pay to the Trustee from the Agency Accounts any fund not required for current obligations per the terms of the Indenture. Surplus funds shall be invested by Operator in bank certificates of deposit, repurchase agreements, treasury bills or similar securities, or money market or other day-to-day depository accounts, in accordance with the procedures proposed by Operator and approved by Owner, and in accordance with the Indenture.

5.4 The Operator shall pay out of Agency Accounts all Racetrack Costs incurred by the Owner or by the Operator on behalf of Owner.

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ARTICLE VI

OPERATOR'S FEES

6.1 As consideration for its services hereunder, Operator shall be entitled to receive a monthly fixed management ibe (the "Fixed Management Fee") in the amount of $15,000.00 plus, subject to the limitations set forth in this Section, a variable management fee (the "Variable Management Fee"), which together with the Fixed Management Fee are collectively retbrred to as the "Management Fees." The Fixed Management Fee shall be payable in arrears on or before the first working day of each month during the term of this Agreement. The Variable Management Fee shall be payable in arrears on the first day of August for the preceding Fiscal Year. It is the intention of the Owner and the Operator that the Management Fees comply with the terms and provisions of Rev. Proc. 93-19. Until such time as all bonded indebtedness related to the project is discharged in full, the Management Fees set forth in this Article VI shall not be amended unless Owner first obtains an opinion of nationally recognized bond counsel, to the effect that such changes shall not adversely affect the exclusion from gross income under Section 103(a) of the Internal Revenue Code of 1986, as amended, of interest on the Bonds.

6.2 The Variable Management Fee is an amount equal to 25% of the profit of the Racetrack in excess of $1 million before depreciation and amortization, and before the payment of debt service on the Bonds computed in accordance with the Business Plan. By way of example, if the profit before depreciation and amortization and before the payment of debt service on the Bonds is $1,500,000, the Variable Management Fee would equal $125,000 (i.e., $1,500,000 minus $1,000,000 then multiplied by 25%). Notwithstanding the foregoing, the Variable Management Fee will not be paid (but will accrue) until the accrued interest on the Series A Bonds has been paid.

6.3 All calculations shall be based upon the audited Annual Financial Statements of the Racetrack.

ARTICLE VII

EXPENSES

7.1 For the purposes of this Agreement, the term "Racetrack Expense" shall mean all costs and other expenditures which are (a) paid by Operator or are paid on behalf of Owner (and reimbursed by Owner or Trustee to Operator) or are paid by Owner or Trustee to Operator or to any person for materials or services provided and which directly relate to the operation of the Racetrack and are included in the Business Plan for the Fiscal Year in question which has been approved by Owner and Operator or has been approved as otherwise provided in Section 4.4(c), as the case may be, or (b) otherwise expressly provided in this Agreement to be a Racetrack Expense. Racetrack Expense

shall not include any costs or other expenditures which are paid or incurred by Operator or any affiliated party and which relate only indirectly to the ownership, construction, use, occupancy or operation of the Racetrack, such as, but not limited to, overhead allowances or charges for Operator or any affiliated party of any off-site personnel of Operator or any affiliated party who are not providing services directly to the Racetrack. Only Racetrack Expense shall be incurred by Operator in a proposed Business Plan.

7.2 Except as provided in Section 7.1, all costs and expenses incurred by Operator in the performance of Operator's obligations under this Agreement shall be for and on behalf of Owner and for its account, and such costs and expenses shall be a Racetrack Expense. Subject to the provisions of Section 7.1 and this 7.2, Operator sh

EXHIBIT 8.13

AGREEMENT

THIS AGREEMENT dated May 20, 1998, between and among COMPRESSENT CORPORATION ("COMPRESSENT") and CALL NOW, INC. ("CNI").

WITNESSETH:

WHEREAS, on or about February 6, 1998 and pursuant to a Preferred Stock and Warrant Purchase Agreement (the "Agreement") between the parties hereto CNI agreed to purchase 56,000 shares of Series A Convertible Preferred Stock and a Stock Purchase Warrant to purchase 500,000 shares of Common Stock of Compressent in exchange for $3,500,000 in principal amount of a Retama Development Corporation Revenue Refunding Bonds (Series A 1997) (the "Bonds"); and

WHEREAS, in order to resolve certain disputes in connection with the Agreement the parties have agreed to rescission of the Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereby agree to rescind the Agreement and the sale of Compressent Preferred Stock and Stock Purchase Warrants thereunder as follows:

1. The Agreement and all documents executed pursuant thereto or in connection therewith by the parties hereto are hereby rescinded and shall be null and void and of no force and effect.

2. Simultaneously herewith and as a part of the rescission provided for herein, CNI hereby tenders to Compressent all shares of Series A Convertible Preferred Stock and Stock Purchase Warrant to be purchased pursuant to the Agreement.

3. Compressent hereby assigns to CNI all of its right, title and interest in and to the Bonds. The parties acknowledge that the Bonds are subject to a lien in favor of Hall, Solomon & Howe, Inc. in the approximate amount of $2,000,000 which CNI hereby assumes and agrees to pay.

In consideration of the diminution of value of the Bonds due to such lien and assumption thereof by CNI Compressent shall issue to CNI 2,000,000 shares of its Common Stock. Such shares have not been registered under the Securities Act of 1933 and shall contain a restrictive legend to such effect.

4. Compressent hereby represents and warrants to CNI that:

4.1 Compressent owns all the right, title and interest in and to the Bonds, free and clear of any security interests, liens, claims and encumbrances of any kind subject only to the lien set forth above, and has full right and power effectively to transfer record and beneficial ownership of such Bonds to CNI pursuant to the terms of this Agreement.

4.2 Compressent has authority to take, and has taken, all action required to be taken to permit it to enter into and carry out this agreement. This Agreement has been duly executed and delivered by Compressent and is valid and enforceable against it in accordance with its terms.

5. CNI hereby represents and warrants to Compressent that it has authority to take, and has taken, all action required to be taken to permit it to enter into and carry out this agreement. This Agreement has been duly executed and delivered by CNI and is valid and enforceable against it in accordance with its terms.

6. Compressent hereby indemnifies and holds CNI harmless from and against any and all liabilities, losses, damages and claims (including attorney's fees) which may be asserted against CNI by any past, present or future creditor of Compressent arising out of this agreement. The relief afforded hereunder shall be in addition to all other relief provided by law.

7. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns. The parties shall take such further actions and execute such further instruments as may be necessary or appropriate to carry out the transactions herein.

8. This Agreement constitutes the entire agreement and understanding between the parties with respect to the rescission provided for herein.

9. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same instrument.

10. This Agreement shall be construed and interpreted in accordance with the laws of the State of Florida. The parties acknowledge that Joel Bernstein has acted as attorney for CNI in connection with the Agreement and this agreement.

11. All representations, warranties, covenants and agreements of any of the parties hereto made in this Agreement or in any certificate or document delivered by it pursuant hereto, shall survive the execution and delivery hereof and the closing hereunder.

IN WITNESS WHEREOF, CNI amd Compressent have caused their corporate names to be hereunto subscribed and their corporate seals to be hereunto affixed by their officers thereunto duly authorized.

COMPRESSENT CORPORATION

By: /s/

Chairman

4
CALL NOW, INC.

By: /s/

Chairman

EXHIBIT 8.14

TERMINATION AGREEMENT

This Termination Agreement made as of this 20th day of May, 1998 between COMPRESSENT CORPORATION ("COMPRESSENT") and CALL NOW, INC. ("CALL NOW").

WHEREAS, on or about February 2, 1998 the parties entered into a Loan Agreement under which Call Now could lend certain amounts to Compressent (the "Agreement"); and

WHEREAS, the Agreement was entered into primarily to facilitate a proposed acquisition by Compressent; and

WHEREAS, the proposed acquisition has not been consummated, the parties have agreed to terminate such Agreement on the terms set forth herein.

NOW, THEREFORE, the parties agree as follows:

1. The Agreement is hereby terminated by mutual consent of the parties. The Stock Purchase Warrant issued to Call Now in connection with the Agreement is hereby cancelled.

2. Call Now hereby releases Compressent from the Commitment Fee and all other payments due to Call Now under the Agreement. Compressent hereby releases all rights under the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date above written by their respective officers thereunto duly authorized.

COMPRESSENT CORPORATION

By: /s/

Chairman

CALL NOW, INC.

By: /s/

Chairman

EXHIBIT 8.15

Term Sheet
Retama Bond Investment

Parties:

- Howe Solomon & Hall ("HSH")
- International Trading Group, Inc., Individually and on behalf of The ITG Tax Free Income & Capital Appreciation Fund, Ltd. (collectively, "ITG")
- Call Now, Inc. ("CNI")

Background:

- ITG currently holds $3,500,000 face amount of Ratama Series 1997A Bonds (the "ITG Retama Bonds") which it purchased from HSH in March, 1,008 free and clear of adverse claims of $2,000,000.

- HSH loaned ("the Loan") the proceeds of sale of the ITG Retama Bonds to Compressant Corporation ("Compressant"), and this loan was due and payable on or before September 1, 1998. CNI has subsequently assumed the Loan and Compressant has assigned its rights in the ITG Ratama Bonds to CNI.

- CNI currently owns all of the Issued and outstanding 1997 Series B Ratama Bonds (the "B Bonds").

- At the time of purchase of the ITG Retama Bonds, HSH agreed to deliver to ITG 16,000 shares of common stock and warrants to purchase 50,000 shares of Compressant common stock at $5.25 per share (collectively the "Compressant Securities"). To date, the Compressant Securities have not been delivered to ITG, and they have declined in value to the extent that ITG will not accept them.

- At CNI's request, ITG purchased or caused to be purchased from CNI for $2,150,000 an additional $3,500,000 face amount of Retama Series 1997 A Bonds (the "HSH Retama Bonds") on July 10, 1998 to be sold to HSH.

- HSH has arranged a sale of the HSH Retama Bonds for $2,150,000 plus accrued interest.

- HSH, ITG and CNI desire to document their respective arrangements with respect to the ITG Retama Bonds and the HSH Retama Bonds, as follows:

Agreement:

- ITG agrees to sell the HSH Retama Bonds to HSH for $2,150,000 plus half of the accrued and unpaid interest to date of sale, (ie, half of $338,235.10, or $169,115.05), for a total purchase price of $2,319,118.05. The sale will take place as of July 15, 1998 and settlement will be on Friday, July 17, 1998.

- When and if paid by the Issuer, ITG will receive the entire $50,000 sinking fund payment in respect to the Retama Bonds and will remit $25,000 to HSH, ITG and HSH will instruct the trustee as to which Bond Numbers will be sunk from the Retama Bonds.

- HSH and CNI agree to extend the due date of the Loan until January 1, 1999. ITG acknowledges and consents to said extension.

- HSH agrees to deliver, or cause to be delivered, to ITG 50,000 shares of unrestricted Call Now Stock and 25,000 shares of restricted Call Now Stock upon receiving the 150,000 shares from Call Now. In satisfaction and replacement of its obligation to deliver the Compressant Securities to ITG. HSH will deliver said stock to ITG on or before August 15, 1998. On August 3, 1998, ITG agrees to notify CNI and confirm notification that HSH has not performed under this section. In the event that HSH has not made delivery of said stock, CNI would then deliver said Call Now Stock directly to ITG.

- HSH and ITG agrees to assign its right and interest to receive 100,000 shares Compressant and 100,000 shares of Compressant warrants to purchase Compressant Shares at $1.00 to Call Now.

- Upon receipt of the interest payment due September 1, 1998 on the ITG Retama Bonds, ITG will remit $86,116 to HSH, which amount includes a deduction for ITG's cost of carry of ITG Retama Bonds through July 17, 1998.

- From and after July 17, 1998, ITG and HSH (or the registered bondholders acquiring Bonds from ITG or HSH) respectively, shall each be responsible for their costs of carry for Retama Bonds.

- Provided CNI pays the Loan in full prior to January 1, 1999, and HSH has timely delivered the CNI Stock to ITG, CNI shall have an option, exerciseable on or before January 1, 1999 by written notice to ITG, to purchase the ITG Retama Bonds for $2,000,000 plus accrued interest. HSH agrees that payment by CNI of the purchase price of the ITG Retama Bonds, to ITG will

ITG

HSH

CNI

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satisfy in full CNI's obligation to HSH under the Loan and ITG's obligations to HSH and CNI with respect to the ITG Retama Bonds.

- HSH agrees that it will procure for CNI and option to repurchase the HSH Retama Bonds for $2,150,000 plus accrued interest on or before January 1, 1988. Exercise of such option and payment of the $2,150,000 plus accrued interest shall constitute payment in full of the Loan.

- HSH and CNI releases and discharges ITG and its officers, agents and employees from any and all liability, claims or obligations in respect of the transactions described herein. HSH and CNI agree to release, indemnify and hold ITG, its agents, servants and employees harmless from loss or liability of any kind in connection with the transactions described herein and/or any failure by HSH to deliver the HSH Retama Bonds to CNI or Compressant.

- In the event that the September 1, 1996 principal and interest payments due on the Retama Series 1997 A Bonds is not made, CNI agrees to support the foreclosure rights and actions of the holders of such bonds. Furthermore, CNI will lose all rights to repurchase the ITG and the HSH Retama Bonds.

- In the event CNI fails for any reason to repay the Loan and to acquire all of the ITG Retama Bonds and the HSH Retama Bonds in accordance with this Term Sheet on or before January 1, 1988, CNI agrees as follows:

    - For so long as ITG and/or HSH own any Retama Series 1997 A Bonds, in the event that CNI desires to sell H Bonds at or below 80% of par value:

        - CNI grants to ITG and HSH a right of first refusal (the "Right of First Refusal") to purchase CNI's holdings of B Bonds, including any such B Bonds which may in the future be converted to A Bonds. At the time CNI desires to sell any such Bonds, CNI shall send a written notice by facsimile (the "Sale Notice") to ITG and HSH describing the principal amount and identity of the Bonds proposed to be sold, in the event that ITG and HSH and CNI have not agreed upon the terms of purchase of the Bonds covered by the Sale Notice, CNI may send ITG and HSH and CNI have agreed upon the terms of purchase of the Bonds covered by the Sale Notice, CNI may send ITG and HSH a written notice by facsimile, by no later than 10:00 A.M. Eastern Time on the fifth business day after delivery of the Sale Notice to ITG and HSH, setting forth the proposed purchase price and payment terms of the Bonds covered by the Sale Notice (the "Price Notice"). ITG and HSH shall have the right to purchase the Bonds covered by the Sale Notice in proportion to their ownership (if any) of B Bonds by paying the purchase price specified in the Price Notice (on

the terms specified in the Price Notice) to CNI no later than 5:00 P.M. Eastern Time on the 5th business day after ITG and HSH's receipt of the Price Notice. In the event ITG or HSH does not select to purchase its full share of B Bonds, the other party may exercise the Right of First Refusal with respect to the remainder of sold B Bonds. Time is of the essence in connection with the transactions herein. The right described in this Section 4 shall not apply to any sale of the B Bonds to a partnership or other entity organized by Seller, but subsequent sale of such Bonds by that partnership or other entity during the term of the Right of First Refusal shall be subject to such right.

- If ITG and HSH fails to exercise the Right of First Refusal by making payment for the Bonds covered by the Sale Notice as specified above, CNI may, not later than 15 days following the sending of the Price Notice, conclude a sale of the Bonds subject to the Sale Notice at the price and upon the terms set forth in the Price Notice. Any proposed sale at a price lower than that specified in the Price Notice, or on terms different from those specified in the Price Notice, shall again be subject to ITG and HSH's Right of First Refusal and shall require strict compliance by CNI with the procedures described in Section 4.1 of this Agreement. If ITG and HSH exercises the Right of First Refusal. CNI shall take such steps as may be necessary and appropriate to transfer the purchased Bonds to ITG.

- CNI will enter into a remarketing agreement with respect to the Retama Series 1997 A Bonds and take any and all such steps as are necessary to permit the A Bonds to be eligible for sale and delivery through Depository Trust Corporation without restriction on transfer, sale or distribution by ITC or any subsequent purchaser or holder of said Bonds.

Signed by ITG, HSH and CNI this 15th day of July, 1998.

International Trading Group, Inc. Howe Solomon & Hall, Inc.

By: /s/ Dan Carter

Dan Carter, President

By: /s/ Chris Hall

Chris Hall, Principal

Call Now, Inc.

By: /s/ Bryan Brown

Bryan Brown, President Call Now

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM DECEMBER 31, 1997 FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH.
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