

[REDACTED]

*Rule
801.14*

[REDACTED]

[REDACTED] FACSIMILE

June 26, 2000

BY FACSIMILE—(202) 326-2624

Ms. Alice Villavicencio
Federal Trade Commission
Premerger Notification Office
Room 303
Washington, D.C. 20580

Dear Alice:

As we discussed yesterday, I would appreciate your advice regarding the reportability of the following transaction.

Statement of Facts

Assume that the size of person test is met.

A currently holds in excess of \$15 million/15% of the outstanding voting securities of B. B currently owns a controlling interest in B1. B1 intends to sell between \$20 and \$25 million of its voting securities. It is contemplated that in a reportable transaction, C, which currently owns less than \$15 million of the outstanding voting securities of B, will concurrently acquire an additional \$10 million of voting securities of B and \$15 million of voting securities of B1. As a result of C's acquisition of voting securities of B1, C will be entitled to elect a majority of the directors of B1 and, therefore, will be deemed to control B1. In a simultaneous closing, A will acquire \$5 million of voting securities of B1. A will be entitled to designate one director of B1 out of a total of seven directors, but will not have a controlling interest in B1. It is anticipated that others will concurrently acquire \$5 million of voting securities of B1. As a result of these transactions, B will no longer own a controlling interest in B1.

C must acquire 25% of B1

ISSUE

The question is whether A, because of his current ownership interest in B, has a filing requirement with respect to his acquisition of voting securities of B1. If B were to continue to control B1 after the transaction, I believe that 801.14(a) would require that A's holdings in B be

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aggregated with the stock to be acquired in B1. I am not sure that this result applies if B will no longer control B1 after the transaction.

I appreciate your assistance in this matter.

Very truly yours,

[Redacted signature]

6/27/2000 and
6/27/2000.

Called Writer.

If the acquisition of Band B by C occurs before the acquisition of A's purchase of B's majority stock valued at \$5MM then only C is required to file. Also must use appropriate Rule 801.14. AMV/PS agrees

