

[REDACTED]

TELEPHONE [REDACTED]
FACSIMILE [REDACTED]

January 24, 2001

Pre-merger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission
Washington, D.C. 20580

2001 JAN 25 A 10:30
FEDERAL TRADE
COMMISSION
PRE-MERGER NOTIFICATION
OFFICE

Re: Pre-merger Notification
Merger of [REDACTED]

Dear Federal Trade Commission:

This letter is submitted with respect to the merger of [REDACTED]. These two credit unions have their principal places of [REDACTED].

By way of background, a credit union is a not-for-profit cooperative without capital stock. Credit union members exercise voting rights based on a "one-member, one vote" principle. Upon completion of the merger, the members of [REDACTED] will become members of [REDACTED]. The share accounts of these members will have the same balance after the merger as before. In applying the FTC pre-notification requirements, asset limits apply but securities holding limits do not apply.

[REDACTED] had, as of December 31, 2000, assets of \$10,451,996.
[REDACTED] had, as of December 31, 2000, assets of \$796,121,267. Both credit unions are engaged in commerce as defined by 15 U.S.C. § 18a. Applications for regulatory approval of the merger have been filed with the [REDACTED].

According to 15 U.S.C. § 18a(a), when one company, directly or indirectly, acquires any voting securities or assets of another entity, the entities must file notification with the FTC if three requirements are met. The three requirements are: (1) the acquiring person is engaged in commerce or in any activity affecting commerce; (2) the person being acquired has net sales or total assets of \$10,000,000 or more and the acquiring person has assets or annual sales of \$100,000,000 or more and the person being acquired has more than \$100,000,000 in sales or assets and is being acquired by any person with assets or annual sales of \$10,000,000 or more; and (3) as a result of the acquisition, the acquiring person would hold 15% or more of the voting securities or assets of the acquired person or an aggregate total amount of the voting securities and assets of the acquired person in excess of \$15,000,000.

The proposed merger of [REDACTED] meets the first and second requirements set forth above. [REDACTED] as of December 31, 1999, had assets of \$11,414,648. As of December 31, 1999, [REDACTED] held assets of \$722,581,538. These asset totals were used in the applications to the U.S. [REDACTED] Administration. As stated above, the assets of [REDACTED] were \$796,121,267 and the assets of [REDACTED] were \$10,451,996 at December 31, 2000. In addition, the proposed merger meets the requirements of the first part of the third requirement of 15 U.S.C. 18a(a) because as a result of the merger, [REDACTED] would hold 100% of the assets of [REDACTED]. However, [REDACTED] after the merger, would not hold more than \$15,000,000 in assets of [REDACTED] because 100% of the assets of [REDACTED] is significantly less than \$15,000,000.

Because [REDACTED] asset size is less than \$15,000,000 but greater than \$10,000,000, 16 C.F.R.R. 802.20 applies. That section provides that:

In an acquisition which would be subject to the requirements of the act and which satisfies section 7A(a)(3)(A), but which does not satisfy section 7(A)(a)(3)(B), shall be exempt from the requirements of the act if as a result of the acquisition the acquiring person would not hold:

- (a) assets of the acquired person valued at more than \$15 Million; or
- (b) voting securities which confer control of an issuer which, together with all entities which it controls, has annual net sales or total assets of \$25 Million or more.

In applying the values of the persons involved in this proposed merger to that rule, the result would be that, as mentioned above, the proposed merger satisfies section 7A(a)(3)(A) because as a result of the pending merger, [REDACTED] would hold 100% of the assets of [REDACTED]. But section 7A(a)(3)(B) is not satisfied because the aggregate amount of the assets is less than \$15,000,000. In this case then, the transaction is exempt because as a result of the acquisition, [REDACTED] would not hold "assets of the acquired person valued at more than \$15 Million."