7A(c)(1)

[redacted]

[redacted]

October 9, 2001

2001 OCT 11 A 10: 26

Nancy M. Ovuka
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
H-301
Washington, D.C. 20580

Re: <u>Sale of Loan Portfolio</u>

Dear Nancy:

This is to confirm our telephone conversation of last week. As I told you I represent Company A, which is a large worldwide diversified manufacturing and services provider. One of its subsidiaries entered into an arrangement whereby it provided loans to, and took an equity interest in, Company B, which was engaged in the business of providing retail loans to a variety of franchisees, including restaurants, gas stations, and convenience stores, for the purpose of working capital, construction, and other business needs. Company A's subsidiary retained a security interest in the portfolio of loans as collateral for the loans it made to Company B. Company B defaulted on its payment obligations to Company A. As a result, Company A's subsidiary received in foreclosure the portfolio of retail loans originated by Company B. The face amount of the loans are approximately $300 million.

Company A, through one or more of its subsidiaries, has in the past provided, and currently owns a small amount of, loans of a similar character to franchisees. Company A, through one or more of its subsidiaries, has engaged in other loan activities in the past. However, Company A is not currently engaged in, and has no present plans to re-enter, the market for providing franchisee loans. At present, Company A's loan activities are limited to a single subsidiary which provides hundreds of millions of dollars of municipal lease financing per year, whereby it finances the purchase of goods for various municipalities, leases those goods to the municipalities, and collects lease payments from the municipalities.

Company A's subsidiary proposes to dispose of the franchisee loan portfolio by selling it in at least two blocks to two or more companies, which purchase loan portfolios in the ordinary course of their business. Each of the purchases is likely to exceed $50 million.

[redacted]

[redacted]



It is my understanding that after reviewing these facts with others in the Federal Trade Commission's Premerger Notification Office, it is your advice that the sale of the loan portfolio is not reportable under the HSR Act. If my understanding is incorrect, please contact me promptly.

Thank you for your assistance in this matter.

Very truly yours,

[redacted]

not reportable - 10/11
Company A continues
to conduct loan
activities so transaction
is not reportable. The
above would not apply
to credit card portfolios.
NMO

MV concurs

[redacted]