Michael Verne

From:

Sent:

Monday, April 14, 2003 6:19 PM

To: Subject:

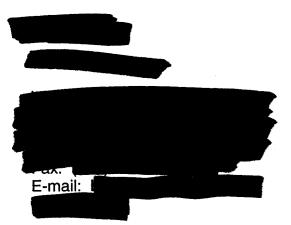
Michael Verne 7A(c)(10))

Mike - Can you clarify the application of 7A(c)(10) to voting securities held by an LLC or a partnership when those securities are transferred to the parent? It seems that based upon the definition of Hold in 801.1(c)(8) such an acquisition must be exempt. Do you agree? Also, didn't you tell me just recently that an acquisition of assets from a controlled partnership or a controlled LLC will always be exempt?

Further, is it correct that the concept of a secondary acquisition definitionally has no application other than when the acquired entity is a corporation? If the acquired entity is an LLP or a partnership there is no acquisition at all of the shares of a third party held by it unless and until 100% of the LLC or partnership interests are acquired, at which time the acquisition of any voting securities held by the acquired entity is either exempt (see above) or is treated as a primary acquisition? If it is treated as a primary acquisition can you deduct the value of any voting securities (whether exempt or not) from the value of the "assets" when determinining the reportability of the acquisition of the LLC or partnership interests?

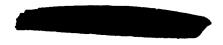
Thanks very much for your thoughts.

Regards,



(SEE ATTACHED REPLY)

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ADVISED The FOLLOWING BY PHONE:

Transfers of voting securities from a controlled non-corporate entity to its parent are exempt under (c)(10). Transfers of assets are not, since 802.30 does not apply and there is no statutory equivalent of (c)(10) for asset transfers.

Advised that secondary acquisitions occur only in the context of corporations. If less than 100% of a non-corporate entity is being acquired (even if it is a controlling interest), you are not deemed to be acquiring any voting securities that entity holds (although through the magic of HSR, you immediately hold such voting securities). If you acquire 100% of a non-corporate entity, you are deemed to be acquiring all of that entity's assets and indirectly acquiring any voting securities it holds. If those voting securities represent minority holdings in the issuers, they are not included in the value of assets of the non-corporate entity, but are analyzed as separate acquisitions.

B. Luchelon 4/15/03