

801.21

04/12/2005 02:00 PM

To: mverne@ftc.gov
cc:
Subject: Sale of rights to a royalty stream

Dear Michael,

Per my voicemail, I am attaching four different advisory opinion letters that deal with the sale of royalty rights. The letters to [redacted] and Nancy Ovuka are consistent with our understanding that a right to a royalty stream is basically a cash equivalent, which is non-reportable. However, your email from December 2001, may suggest otherwise. Can you let me know how we should reconcile these letters? Our client's potential transaction would consist of a sale for cash, of a right to receive an undivided interest in royalty income that will be paid by a third party that has licensed certain IP rights. The buyer in this transaction would be doing nothing more than paying a lump sum today as consideration for the incoming stream of royalty revenues that will trickle in over the coming years. Under 801.21 this would appear to be a non-reportable transaction, but we wanted to confirm this.

Thanks for your time and assistance. If you have any questions please let me know.

AGREE - THIS IS THE ACQUISITION
OF A CASH EQUIVALENT. NOT
REPORTABLE.

[Signature]
4/18/05

This message is a PRIVATE communication. This message and all attachments are a private communication sent by a law firm and may be confidential or protected by privilege. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of the information contained in or attached to this message is strictly prohibited. Please notify the sender of