

Verne, B. Michael

7A(c)(11)

From: [REDACTED]
Sent: Friday, March 16, 2007 10:48 AM
To: Verne, B. Michael
Subject: 7A(c)(11) and 802.63

Dear Mike,

I have some questions regarding the application of 7A(c)(11) and 802.63.

My client is an investment bank ("bank") that holds a 38% interest in an insurance company that is in bankruptcy ("target"). No filing was made for the initial acquisition of voting securities as the value was under the filing threshold. The bank now wishes to increase its holding to approximately 88%, which will tip the value of its interest above the \$59.8 million threshold.

According to the strict language of 7A(c)(11), it appears an exemption could be applicable. However, I am not certain if 802.63 is meant to clarify the scope of 7A(c)(11). As the bank is not an original creditor of the target, 802.63 would not appear to exempt this acquisition from a filing. My questions are as follows:

- (1) Does 7A(c)(11) exempt the acquisition described from HSR filing requirements?
- (2) If 7A(c)(11) does exempt the acquisition, would this still be the case if the bank already owns another insurance company or companies?
- (3) If the voting securities to be acquired carry no present voting rights, as the target is in bankruptcy, would the acquisition of 88% of the target's securities therefore be exempt from HSR filing requirements?
- (4) If the acquisition of 88% of the "voting" securities is exempt due to the fact that the securities carry no present voting rights, would this still be the case if 100% of the "voting" securities were purchased, thus giving the bank in effect all of the assets of the target?

Thanks very much,

[REDACTED]

[REDACTED]

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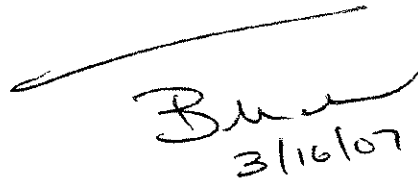
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(1) I think (c)(11) would cover the acquisition if the Bankruptcy Court has ordered the sale of voting securities to the bank pursuant to a plan of reorganization. I don't think it would be covered if the bank is acquiring the shares on its own.

(2) Yes

(3) If the voting securities carry the right to vote for the election of directors in the stock instrument, they are still voting securities, even though the right to vote them has been suspended because of the bankruptcy.

(4) Moot

A handwritten signature in cursive, followed by the date 3/16/07.

3/16/07