

7A(c)(1); 802.1(b)

January 9, 1991

Case #: [REDACTED]
of Pages: 2

VIA FACSIMILE (202) 326-2050

Premerger Notification Office
Bureau of Competition
Federal Trade Commission
Room 303
6th Street and Pennsylvania Avenue, N.W.
Washington, D. C. 20580

Attention: Dick Smith, Esq.

Dear Mr. Smith:

This letter confirms our conversation yesterday regarding the following factual scenario.

Party A will be acquiring a leasehold interest and a reversionary fee simple interest in real property parcel 1. Party A will also be acquiring a leasehold interest and a reversionary fee simple interest in real property parcel 2 which is adjacent to parcel 1. Party B owns the leasehold interest in both parcels 1 and 2. Party C as trustee of various trusts holds the reversionary fee simple interest in parcel 1. Party C as trustee of various trusts (that are not the identical trusts associated with parcel 1) holds the reversionary fee simple interest in parcel 2. All of the buildings and improvements on parcels 1 and 2 are currently being used by Party B in the operation of its business. Party C collects lease rent from Party B for use of parcels 1 and 2. The settlors of the various trusts are deemed to be the holder of all of the assets of the various trusts

*Party C
- who owns buildings
and improvements*

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associated with parcels 1 and 2 and also control the trusts. As a result, Party B, the settlors and the various trusts have the same ultimate parent entity. Upon its purchase of the leasehold and the reversionary fee simple interests in parcels 1 and 2, Party A will lease back parcel 1 and the building and improvements thereon to Party B for two years for Party B's business operations.

802.632
no. only two
years

You have indicated that the purchases of the reversionary fee simple interests in the above circumstances are non-reportable transactions but that the purchase of the leasehold interests may be reportable if the threshold requirements, including the size of the transaction for the leasehold interests, are met. This is true even though Party B and the various trusts may have the same ultimate parent entity.

We will be relying upon your analysis unless we hear from you to the contrary by Friday, January 11, 1991. Please call me if you have any questions.

Very truly yours,

[Redacted signature]

[Redacted text]

Our view is that sale of reversionary fee simple interest in land
1/10/91 - advised [Redacted] that since

A is buying both the reversionary fee simple interest, i.e., the fee interest subject to the lease, and the leasehold interest, i.e., the building (a mortuary which was producing a stream of income) and related assets. ~~But~~ from the same UPE, the two must be aggregated to determine the size of transaction. If purchases were from different UPEs, the reversionary fee interest might be excluded since building and business was owned and operated by leaseholder. RBS