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November 1, 1991

FEDERAL EXPRESS

William Schechter, Esq.
Premerger Notification Office
Bureau of Competition, Room 303
Federal Trade Commission
Sixth Street and Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Dear Bill:

I am writing to seek further guidance on the premerger notification implications of the situation we had discussed on October 24, 25 and 28, 1991.

A finance company A is winding up its business. It intends in this process to dispose of over 90% of its assets in four transactions with four different parties. After the consummation of these transactions, company A may liquidate the remaining 10% of its assets or merge into its parent company. Two of these transactions relate to company A's consumer financing portfolio and involve assignments of portions of the portfolio to other finance companies in exchange for payment of the loans in the portfolio. The other two of these transactions relate to A's inventory finance loan portfolio. In one of these two deals, A will assign to a finance company the notes and security interests in part of A's inventory finance loan portfolio and will receive payment of those loans for those assignments. Less than 20 borrowers are involved in that portion of the portfolio. Company A and these three assignee/buyer finance companies regularly enter into such transactions in the ordinary course of business.

In the remaining transaction, A will provide information relating to the balance of its inventory finance loan portfolio to finance company B so that B can contact the borrowers to arrange new funding for the borrowers. Company A will also pay B a fee for its efforts. To the extent that

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B enters into financing arrangements with the borrowers, A will be paid in full on those loans. Any loans, with respect to which B does not enter into a financing arrangement with borrowers, will continue to be held by A. Less than 20 borrowers are involved in this transaction. The total value of the loans in this portion of the portfolio exceeds $15 million. Company B in the ordinary course of its business as a finance company, will refinance loans by other finance companies. It has assets in excess of $100 million. Company A has also in the ordinary course of its business entered into such arrangements in the past.

You have informed me that, generally, transactions in the nature of the first three discussed here would not be subject to the premerger notification requirement unless they were entered into in the course of the assignor/seller finance company going out of business. In fact, if A intended to continue doing business as a finance company after disposing of 90% of its assets through such transactions, then premerger notification would not be required for those transactions.

We request your guidance as to the premerger notification implications of these four transactions under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. I can be reached at [redacted]

Sincerely,

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