

When a partnership is formed, no reporting is required <sup>801.16</sup> where money is distributed to a partner who has contributed other assets as long as the distribution is proportional to the relative partnership interests.

[REDACTED]

[REDACTED]

May  
This document contains information which restricts release under Section 7A (b) of the Clayton Act  
Freedom of Information Act

[REDACTED]

Dear Mr. Cohen:

I am writing to confirm our telephone conversation today in which I outlined the following transaction: Corporations A and B propose to form a Partnership in which A will hold a 51% interest and B will hold a 49% interest. B will contribute substantially all of its assets, valued in excess of \$30 million, to the Partnership. A will contribute a technology based business and will effectively assume liabilities of over \$6 million, its proportional share (51%) of B's liabilities that will be assumed by the Partnership. In addition, in order to equalize the parties' respective contributions, A will contribute \$9.7 million in cash to be paid to B at closing. Thus, the result of the transaction will be that A and B will each have made contributions proportional to their respective interests in the Partnership. This transaction should be viewed as a non-reportable formation of a partnership. See, e.g., ABA Premerger Notification Manual, Interpretation No. 196.

125MM

It is also contemplated that in the future, A may increase its interest in the Partnership by making purchases of Partnership interests from B in a series of transactions, the

Note: B's assets were subject to \$10MM in debt, so he contributed \$18MM net asset value would be \$9MM in cash = 49% of the partnership.

[REDACTED]

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final one of which would consist of at least 15% of the Partnership and would bring A's ownership to 100%. This final transaction would be viewed for H-S-R purposes as an acquisition of all of the Partnership's assets, and would therefore be reportable assuming the size-of-person and size-of-transaction tests are met. However, the preceding transactions, which would result in A holding significantly less than 100% of the Partnership, would not be reportable.

Please let us know whether the foregoing is consistent with the Staff's position. Your cooperation is greatly appreciated.

Very truly yours,

[REDACTED]

Victor Cohen, Esq.  
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Bureau of Competition - Room 301  
Federal Trade Commission  
Washington, D.C. 20580

VIA FEDERAL EXPRESS

cc: [REDACTED]