

802.51

Verne, B. Michael

From: [REDACTED]  
Sent: Thursday, April 13, 2006 9:32 AM  
To: Verne, B. Michael  
Subject: Confirmation

I have a proposed transaction on which I would appreciate your confirmation that I'm thinking about correctly.

Foreign company controlled by (foreign person) Father holds all of the stock of US Company X. Father wants to transfer the stock of the US Company X to his four sons (equally).

Foreign company creates four wholly owned foreign subs and transfers to each of the new subs 25% of the stock of US Company X.

Each of the sons then gets 100% of the stock of one of the holding companies (and, indirectly, 25% of the stock of US Company X).

Assume that the sons are neither citizens nor residents of the US.

Am I right that 802.51(b) exempts all four (essentially identical) transactions because, although in each case a foreign natural person is acquiring control of a foreign issuer, that issuer holds only a minority of the stock of US Company X and therefore the foreign issuer does not hold any assets (of US Company X) located in the United States and did not make any sales in or into the US in the most recent year? In other words, none of the US assets or US sales of US Company X are attributed to any of the holding companies via the latter's respective minority holdings of US Company X.

Thanks.



AGREE - THE PRIMARY ACQUISITIONS ARE EXEMPT. THE SECONDARY ACQUISITIONS OF X ARE POTENTIALLY REPORTABLE.  
B. Michael  
4/13/06

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