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801.10(d)

Verne, B. Michael

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From: [REDACTED]  
Sent: Tuesday, May 16, 2006 10:35 AM  
To: Verne, B. Michael  
Subject: Re: Noncompliance question

Thanks, Mike. I have another totally unrelated question about how assumed liabilities factor into valuation when LLC interests are acquired. I know that assumed liabilities are added to the purchase price for assets and are not added to the purchase price for voting securities. Can you tell me how they are to be treated in the context of LLC interest acquisitions where the acquiring person will hold 100% of the LLC interests as a result of the transaction?

*SAME AS VOTING SECURITIES OF A  
NON-PUBLICLY TRADED CORPORATION.*

----- Original Message -----

From: "Verne, B. Michael" <MVERNE@ftc.gov>  
To: [REDACTED]  
Sent: Tuesday, May 16, 2006 6:42 AM  
Subject: RE: Noncompliance question

[REDACTED]

-----Original Message-----

From: [REDACTED]  
Sent: Monday, May 15, 2006 7:32 PM  
To: Verne, B. Michael  
Subject: Noncompliance question

Hi Mike. Would you please give me a call in the morning? A client needs to make a filing, but is having trouble getting Item 4-6 information from two recently acquired entities. It "controls" these entities because it owns at least 50% of the voting securities, but these securities are subject to proxy so it can't control the entities' actions or force them to comply with requests. Based on my understanding of the business of these entities and the entity that is being acquired in the transaction for which we will file, there is no overlap. Also, the FTC and DOJ have recent filings from the uncooperative subsidiaries that were made in connection with my client's recent acquisition of their voting securities. I'd like to know how a statement of noncompliance would be received given the circumstances.

Thanks,

[REDACTED]

*STATEMENT OF PERSON: FOR  
NON-COMPLIANCE OK.*

*B. Michael  
5/16/06*