

801.21
802.4

Verne, B. Michael

From: [REDACTED]
Sent: Wednesday, October 25, 2006 1:15 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: Confirmation of understanding re: exemption

Mike,
Thank you for taking the time to speak with us yesterday. We write to memorialize our recent conversation regarding the applicability of 16 C.F.R. § 801.21, in conjunction with 16 C.F.R. § 802.4, to the acquisition of the membership interests of certain limited liability companies holding promissory notes secured by life insurance policies. Can you please confirm that the analysis below is correct?

You indicated that the promissory notes are considered to be "cash equivalents", the direct acquisition of which would be exempt pursuant to 16 C.F.R. § 801.21. We indicated that it was conceivable that the LLCs whose non-corporate interests were being acquired might foreclose on one or more of the promissory notes held, thereby becoming a holder of and beneficiary under the life insurance policies that secured the note. You indicated that to the extent the LLCs held and were beneficiaries under such life insurance policies that the insurance policies would similarly be viewed as assets the direct acquisition of which would be exempt pursuant to 16 C.F.R. § 801.21. Therefore, if the LLCs whose membership interests are being acquired hold only the promissory notes and insurance policies, the acquisition of those LLCs would be exempt pursuant to 16 C.F.R. § 802.4.

Best Regards,

[REDACTED]

AGREE -
B Michael
10/25/06

From: [REDACTED]
Sent: Monday, October 23, 2006 3:45 PM
To: 'mverne@ftc.gov'
Cc: [REDACTED]
Subject: Call Tomorrow

Mike,

[REDACTED] and I were wondering if you had anytime tomorrow to speak with us regarding some follow-up questions that we had regarding the matter you spoke to [REDACTED] about last week. We are all generally available tomorrow. If there is a specific time that is convenient for you please advise and we will call you then. Thanks.

Regards,

[REDACTED]

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