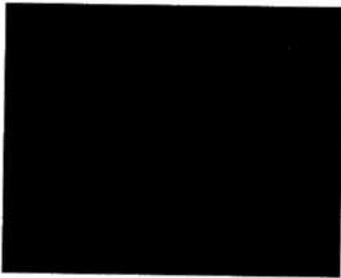




7A(c)(1)



CONFIDENTIAL

VIA ELECTRONIC MAIL

September 25, 2007

Mr. B. Michael Verne
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
7th & Pennsylvania Avenue, NW
Washington, DC 20580

Dear Mike:

I am writing to confirm my understanding of telephone conversations we had on September 12, 2007 and September 24, 2007 concerning the potential reportability under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Act") of a proposed transaction discussed below.

Proposed Transaction

The business of the acquiring party in the proposed transaction ("Purchaser") includes the sale and installation of security alarm equipment, and alarm system maintenance, repair, service and monitoring. The Purchaser will be acquiring from another entity in the same industry ("Seller") thousands of security alarm customer accounts. These security alarm customers pay a fee, typically on a monthly basis, for ongoing alarm system monitoring. These customers also may require alarm system maintenance, service and repair. The acquisition of these accounts includes related customer contracts, related accounts receivable, related customer records, certain communications assets necessary to provide services to or in connection with the accounts being acquired, and certain transitional rights necessary to effectively transfer the accounts being sold.

Purchaser has acquired customer accounts in bulk from others in the security alarm industry on a number of occasions in the past and would intend to make additional such acquisitions in the future. Seller is not exiting the security alarm business. The security alarm customer accounts being sold represent well under half of such customer accounts held by Seller.

This transaction involves the acquisition of more security alarm customer accounts than in most, if not all, individual transactions Purchaser has made in the past. This transaction also involves the acquisition of more security alarm customer accounts than most



[REDACTED]

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prior acquisitions of customer accounts that have occurred in the security alarm business. Further, this transaction involves the settlement of a legal claim by Purchaser against Seller whereby the purchase price has been reduced by a relatively small amount, less than a million dollars. Further, Purchaser may acquire additional security alarm customer accounts from Seller in the future, although no commitment is being made to do so as a part of the current transaction.

Analysis and Conclusions

You confirmed that the transaction described above is not reportable under the HSR Act regardless of the value of the transaction. Specifically, you confirmed:

(1) The proposed transaction is exempt under the ordinary course statutory exemption contained in the HSR Act. 15 U.S.C. § 18a(c)(1) (exempting "acquisitions of goods or realty transferred in the ordinary course of business");

(2) The ordinary course HSR Act exemption applies to the acquisition of security alarm customer accounts where, as here, the seller is not exiting the security alarm business and the buyer has purchased security alarm customer accounts in bulk in the past and intends to do so in the future; and

(3) The ordinary course exemption still applies even if (i) the transaction involves the acquisition of more security alarm customer accounts than has occurred in past acquisitions by the Purchaser or by others in the industry; (ii) the parties are settling a legal claim as a part of the proposed transaction; and (iii) Purchaser may acquire additional security alarm customer accounts from Seller in the future.

* * *

Please let me know as soon as possible if you disagree with any of the conclusions discussed above, or if I have misunderstood any aspect of your advice. Thank you for your assistance in this matter.

Sincerely,

[REDACTED]

AGREE
BV
9/25/07

[REDACTED]