

7A(c)(1)
802.4

Verne, B. Michael

From: [Redacted]
Sent: Thursday, September 11, 2008 11:38 AM
To: Verne, B. Michael
Subject: HSR Reportability Inquiry

Mike:

I hope all is well with you.

Set forth below is a description of a transaction that we believe is exempt from the HSR filing requirements pursuant to the so-called ordinary course exemption. §7A(c)(1) and 16 C.F.R. §§ 802.1 and 802.4.

Facts

For purposes of discussion, assume that the size-of-person and size-of-transaction tests are met.

B is a financial institution that has obligations under various guaranteed investment contracts (GICs) in favor of various large investors. For clarification, a GIC is an agreement pursuant to which an investor transfers cash to a financial institution (in this case, B), and the financial institution is obligated to pay interest to the investor and to transfer cash to the investor under certain conditions. A and B are entering into a transaction pursuant to which A agrees to assume B's obligations under these GICs.

B owns 100% of the membership interests in a limited liability company (LLC1), which in turn owns 100% of the membership interests in another limited liability company (LLC2). LLC1 holds no assets other than its interest in LLC2 as well as cash and various contractual arrangements with third parties that provide fiscal agency and investment services associated with the life settlements described below. LLC2 in turn owns various trust certificates that represent ownership interests in a portfolio of life insurance policies (also known as life settlements). LLC2 also holds cash and various contractual arrangements with third parties that service the life settlements (a life insurance policy servicer and a fiscal agent).

Entities controlled by the ultimate parent of B also control several other entities which have interests in life settlements. These entities routinely acquire and when appropriate with economic conditions, transfer risk associated with life settlements as part of their businesses.

As consideration for A assuming B's GIC obligations, B will transfer to A 100% of the membership interests in LLC1.

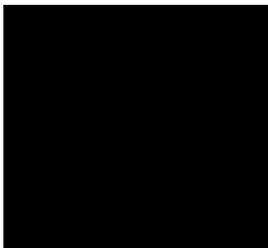
Analysis

The transfer of LLC1 to B should be exempt under the HSR Act as an ordinary course transaction pursuant to §7A(c)(1) and 16 C.F.R. §§ 802.1 and 802.4. This transaction is consistent with several other informal interpretations issued by the Premerger Notification Office. Following the contemplated transaction, entities controlled by the ultimate parent of B will still be in the business of acquiring, holding and when appropriate, transferring risk associated with life settlements as part of their businesses. As part of the contemplated transaction, no personnel of B who work with life settlements are being transferred to A and the fact that A is acquiring LLC1 in exchange for B's GIC obligations should not change this transaction to be characterized as anything other than ordinary course.

* * * *

As always we appreciate your prompt attention to this inquiry. Should you have any questions or comments or require any additional information, please contact us.

Regards,



ACREE
BW
9/11/08