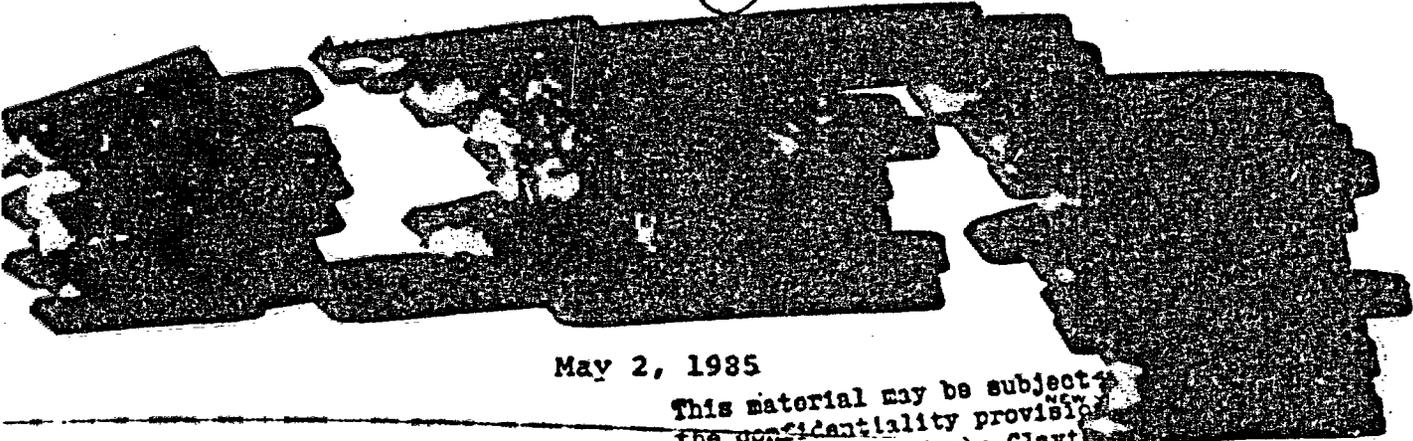


(17)



May 2, 1985

This material may be subject to the confidentiality provisions of Section 7A (f) of the Clayton Act which restricts release under the Freedom of Information Act.

Federal Trade Commission
Office of Premerger Notification
Bureau of Competition, Room 301
Washington, D.C. 20580

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PRE-MERGER
NOTIFICATION
OFFICE

Attn: Patrick Sharpe, Esq.

Dear Mr. Sharpe:

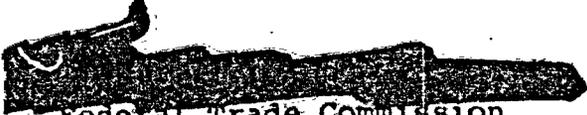
This letter will serve to follow up our telephone conversation of this date wherein we discussed the following described transaction.

Corporation A, an entity with over \$100 million in sales or assets, will sell certain of its assets to Corporation B for a price over \$15 million. Corporation B is a newly formed corporation, the shareholders of which are Corporation C, Corporation D, Individual E, Individual F, and Individual G. Corporations C and D and Individuals E, F, and G will each hold 20 percent of the voting securities of Corporation B.

The voting securities of Corporation C are 60 percent held by the public. Forty percent of the voting securities of Corporation C are held either in trust or outright by members of the family of Individuals E and F, who are adults and are brother and sister. Specifically, approximately 8 percent is held in an irrevocable trust for the benefit of Individual E, approximately 8 percent is held in an irrevocable trust for the benefit of Individual F, approximately 8 percent is held in an irrevocable trust for the benefit of Individual H, approximately 8 percent is held outright by Individual I, and the remaining is held outright by Individual J. Individuals E, F, and H are all adults and are brothers and sisters; further, they are the children of Individuals I and J.

B is its own UPE

The voting securities of Corporation D, are 100 percent held by Individual H. Individual G is not related to the individuals E, F, H, I, or J.


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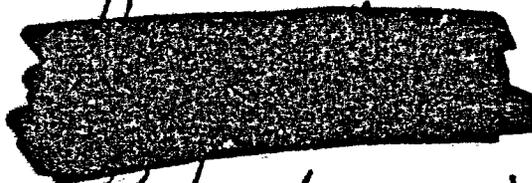
The formation of Corporation B, of course, is subject to analysis under Rule §801.40. However, under that rule the formation of Corporation B is not reportable by anyone since (1) none of the entities contributing to the formation of Corporation B has annual net sales or total assets of \$100 million or more (and, for reasons discussed below, none of the entities' holdings can be attributed to any other entity) or (2) Corporation B will not have total assets of \$100 million or more. dk

With respect to the subsequent purchase of certain of the assets of Corporation A, we concluded that this transaction also was not reportable since Corporation B is its own ultimate parent entity and it will not meet the size-of-the-person test. None of the shareholders of Corporation B will have 50 percent or more of the outstanding voting securities of Corporation B or have contractual power presently to designate a majority of the directors of Corporation B. Further, the shareholders' holdings are not attributed to one another under Rule 801.1(c). Although brother and sister, individuals E and F are adults, and the owner of Corporation D is also an adult sibling. Corporation C is also its own ultimate parent entity by virtue of 60 percent public ownership.

Corporation B will not have assets at the time it makes the acquisition of certain assets of Corporation A in the amount of \$10 million over and above the cash or cash equivalents being used to accomplish the acquisition of certain assets of Corporation A. Thus, Corporation B will not meet the size-of-the-person test. OK

If you have any questions, please do not hesitate to call.

Very truly yours,



I concur  Patrick unanimous by staff
called  5-7-85