

February 11, 1987

Federal Trade Commission  
Premerger Notification Office  
Sixth Street and Pennsylvania Avenue, N.W.  
Washington, DC 20580

Attention: Andrew Scanlon

Gentlemen:

We spoke yesterday with Andrew Scanlon regarding an acquisition transaction entered into by one of our clients, [REDACTED] recently acquired approximately 97% of the voting common stock of [REDACTED]. At the suggestion of Mr. Scanlon, we are writing to advise you of the transaction in the hope that you will concur with our conclusion that a filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("H-S-R") is not required.

[REDACTED] primary business is the manufacture of footwear for work, sport and leisure. Its net sales in fiscal 1986 were approximately \$109,000,000. [REDACTED] principal business is the tanning of cattlehides into leather for shoe and boot uppers. For the fiscal year ended June 30, 1986, Foot's total net sales were approximately \$48,000,000.

In [REDACTED] began having financial problems, and by the end of its last fiscal year (June 30, 1986), it had a negative net worth of over \$3,000,000. During the period from

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1982 through the end of 1986 [REDACTED] request, advanced substantial sums to [REDACTED] effort to assist it through its financial difficulties. At December 30, 1986, immediately before the acquisition transaction in question, [REDACTED] or its subsidiaries approximately \$2,000,000. [REDACTED] had guaranteed \$250,000 of [REDACTED] indebtedness to others. In addition, as a result of a sale-leaseback transaction in 1985 whereby [REDACTED] provided [REDACTED] with cash in the amount of \$2,500,000, a subsidiary of [REDACTED] owned and leased to [REDACTED] one of [REDACTED] manufacturing plants.

On December 31, 1986, having been advised by [REDACTED] bank lender of the bank's intent to call its loan, [REDACTED] in order to protect its already substantial investment in [REDACTED] did the following:

1. It purchased [REDACTED] shares of Common Stock of [REDACTED] (representing approximately 97% of the outstanding Common Stock) from [REDACTED] at a per share price of \$1.0301 for an aggregate purchase price of \$1,000,000. The purchase price was paid by cancellation of [REDACTED] obligation to repay an advance in that amount under a Production Agreement dated June 18, 1982 between [REDACTED]
2. It purchased [REDACTED] existing bank loan in the face amount of approximately \$8,000,000 from the bank at a substantial discount.

Given the size and nature of the acquisition transaction, H-S-R was not considered. In preparing documents for a "clean-up" merger, however, the question of H-S-R's applicability was raised. We, therefore, called the Federal Trade Commission and spoke to Mr. Scanlon. While obviously unable to give us a definitive answer on the telephone, Mr. Scanlon suggested that the acquisition might be exempt under § 802.63(a). Based on our review of § 802.63(a), we believe the acquisition described in this letter should be exempt from H-S-R filing as a bona fide debt workout.

We have advised the Company not to proceed with the proposed clean-up merger until we have received confirmation that a H-S-R filing is not required. We would, therefore, appreciate it if you would promptly advise us if you disagree with our conclusion that a filing is not required in the circumstances described in this letter. Obviously, if you disagree, we will promptly prepare and file the necessary documents.

Please call me [redacted] if you have any questions. Thank you for your assistance.

Very truly yours,

[redacted]

[redacted]

2/17 T/C [redacted]

Advised by that 802.63 was not broad enough to include the transaction described that [redacted] was in violation of that filing by [redacted] as of part of the acquisition should be made promptly. She will submit those filings

Carol  
2/17/82