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APR 11 1988
FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20580

April 8, 1988

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BY HAND

John M. Sipple, Jr., Esquire,
Senior Attorney,
Premerger Notification Office,
Room 300,
Federal Trade Commission,
6th & Pennsylvania Ave., N.W.,
Washington, D.C. 20580.

Dear Mr. Sipple:

On April 1, I wrote to Wayne Kaplan and described a proposed transaction in which Company A will contribute a newly-developed office building, a newly-opened hotel, and related assets ("the property development") to a newly-formed partnership in exchange for a 50% interest in the partnership. Company B will contribute cash to the partnership in exchange for the other 50% interest, and shortly after the partnership is formed, Company A will receive a cash distribution from the partnership.

The parties decided not to structure this transaction as a sale to B of an undivided one-half interest

John M. Sipple, Jr., Esquire

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in the property development because they want to operate the development through a single entity; that is, through a partnership or a corporation. It is difficult to operate ongoing businesses such as office buildings and hotels as jointly owned assets because third parties, such as suppliers, contractors, bankers, etc. must then deal with both entities. In contrast, a partnership or corporation that owns the assets can deal directly with third parties.

The decision to form a partnership rather than a corporation was made to avoid the double taxation of corporate dividends. The parties intend to jointly own and operate the property development for a long period of time and they expect to receive a stream of income from the assets. Accordingly, the tax benefits of forming a partnership rather than a corporation are significant.

Thank you again for your attention to this matter. As always, do not hesitate to contact me at [REDACTED] if you have questions.

Sincerely,

cc: Wayne Kaplan, Esquire

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Understand from the writer that this transaction was structured as proposed before HSR was ever considered. While the structure is of substance it does not seem to pose an SO. 90 problem in this