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PRE

SENT VIA FACSIMILE

DATE: October 11, 1996 NO. OF PAGES INCLUDING THIS COVER SHEET: 2

TO: Alice Villavicencio, Esq.

COMPANY: Federal Trade Commission FAX NUMBER : (202) 326-2624

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re Applicability of Exemption in 16 C.F.R. Section 802.30

Dear Alice:

As requested, I am writing to set forth the scenario which we discussed earlier today. Corporation X and Corporation Y own 51% and 49% of Corporation Z respectively. Corporation Z currently owns two ships, each of which has a value in excess of \$15 million. The parties have decided to break up the joint venture and for tax reasons have elected to structure the transaction as follows: Corporation Z will repurchase the 51% of its shares held by Corporation X and as consideration will transfer to Corporation X one of the ships. After this transaction, Corporation Y will own all of the outstanding voting securities of Corporation Z which will continue to hold the remaining ship.

Please could you advise whether these transactions would be exempt by virtue of 16 C.F.R. Section 802.30. It seems to me that they would be since Corporation X is both the acquiring and acquired person, both with respect to the repurchase of shares in Corporation Z and with

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respect to the transfer of the ship from Corporation Z to Corporation X.
I look forward to discussing this with you.

Many thanks. With best regards

Called writer ^{on} Oct. 15, 1996, and explained that because X already controls Z (by holding 51% of Z's voting stock) X's ^{purchase of} purchase of Z's voting stock is exempt under ^{802.30} 802.30. Further, because Y is actually participating in having Z acquire its voting stock and as a result cross a threshold (from the 25% threshold to the 50% threshold), in exchange for the U.S. of Z, X will get a ship valued at more than \$15.0 mm) (exempt under 802.30).

T.H. + PS
VC, agree
HK

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