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September 14, 1998

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FEDERAL EXPRESS

Michael Verne, Esq.
Premerger Notification Office
Room 303
Federal Trade Commission
6th Street & Pennsylvania Avenue, NW
Washington, DC 20580

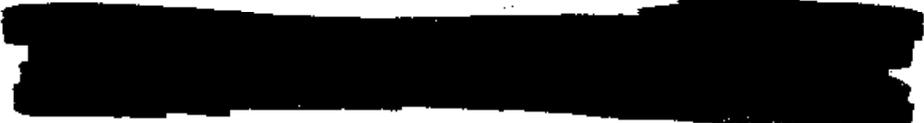
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FEDERAL TRADE
COMMISSION
PREMERGER NOTIFICATION
OFFICE

Dear Mr. Verne:

I am writing to confirm the Hart-Scott-Rodino Act compliance advice you gave me during our telephone conversations today.

In those conversations, among other things, I asked you about a series of transactions as follows. A bank holding company wholly owns two banks, each of which issues credit cards to individuals and business firms. One of the banks has cards issued to individuals with balances outstanding of approximately \$150 million ("bank A"); the other has cards issued to individuals with balances outstanding of approximately \$58 million ("bank B"). (Bank A and bank B's outstanding credit cards issued to business firms are not the subject of the transactions.) The bank holding company intends to sell these credit card accounts to a single buyer unrelated to it ("Buyer") under a single contract. Before any accounts are sold to Buyer, bank B will sell its \$58 million of accounts to bank A. Bank A will contract with Buyer to sell the \$208 million of accounts to Buyer in two stages: first, bank A will, after acquiring the \$58 million of accounts from bank B, sell its \$150 million of accounts without making a premerger notification filing or observing a waiting period (while still retaining the \$58 million of accounts just acquired from bank B); bank A will complete the sale of the other \$58 million of accounts to Buyer only after the ultimate parent of bank A and the ultimate parent of Buyer make premerger notification reports under the Hart-Scott-Rodino Act and the waiting period under the Hart-Scott-Rodino Act either expires or is terminated.

You advised me today that this series of transactions would comply with the reporting and waiting requirements of the Hart-Scott-Rodino Act. The sale of accounts from bank B to bank A would be exempt from reporting as an intraperson transaction under 16 CFR



802.30. The sale of the \$150 million of accounts would be exempt under 16 CFR 802.1 as a transaction in the ordinary course of business, because these receivables would not constitute "all or substantially all" of the assets of an "operating unit," according to your Office's interpretation of 16 CFR 802.1 as it relates to credit card accounts. The filing with respect to the \$58 million of accounts will reflect the prior acquisition of the \$150 million of accounts pursuant to 16 CFR 801.13(b)(2) and Item 2(b)(ii) of the Notification and Report Form. Finally, because a filing will be made, among other reasons, this course of conduct would not be considered to implicate 16 CFR 801.90.

Please let me know promptly if you disagree with the above, as my client intends to reply upon it.

Thanks very much.

Sincerely yours

[REDACTED]

[REDACTED]

AGREE. AS A RESULT OF THE FIRST SALE, THE ACQUISITION OF SUBSTANTIALLY ALL OF THE ASSETS OF AN OPERATING UNIT WILL NOT OCCUR. AS A RESULT OF THE SECOND SALE, IT WILL } A FILING IS REQUIRED.

Baruch Vener
9/15/99