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To: Mr. Michael Verne
Federal Trade Commission
Pre-Merger Notification Office

MEMORANDUM

From: [REDACTED]

Subject: LLC Interpretations of Hart-Scott-Rodino Act

Date: June 14, 1999

This memo will summarize our conversation of June 3, 1999, where you informed me that the transaction outlined below would not be subject to the reporting requirements of the Hart-Scott-Rodino Act.

The proposed transaction involves the formation of a limited liability company into which all of the assets of two existing limited liability companies will be contributed. Each of the two existing LLCs are owned by the same individual (i.e., they are under "common control"). A third party entity will be purchasing a 60% membership interest in the newly formed LLC in exchange for approximately \$11,000,000.

You informed me that, under the new FTC interpretations applicable to LLC's, the FTC views the formation of the LLC occurring at the time of the purchase of the 60% interest by the 3rd party entity. According to the interpretations, this formation is not a reportable transaction because there was common ownership of the two business entities at the time that their assets were contributed.

cc: [REDACTED]

AGREE -
Michael Verne
6/14/99