

Sheinberg, Samuel I.

From: HSRHelp
Sent: Thursday, March 31, 2022 1:45 PM
To: Walsh, Kathryn E.; Berg, Karen E.; Musick, Vesselina; Sheinberg, Samuel I.; Six, Anne; Whitehead, Nora
Subject: FW: [EXTERNAL] RE: Dilution/Beneficial Ownership

From: Shaffer, Kristin <kshaffer@ftc.gov>
Sent: Thursday, March 31, 2022 1:44:53 PM (UTC-05:00) Eastern Time (US & Canada)
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: [EXTERNAL] RE: Dilution/Beneficial Ownership

[REDACTED],
In the context of a reorganization, the exemption only applies so long as no new assets are involved, regardless of whether they are exempt. Cash has been the only exception to that principle.

Best regards,
Kristin

From: [REDACTED]
Sent: Thursday, March 31, 2022 12:43 PM
To: Shaffer, Kristin <kshaffer@ftc.gov>; HSRHelp <HSRHelp@ftc.gov>
Cc: [REDACTED]
Subject: RE: [EXTERNAL] RE: Dilution/Beneficial Ownership

Dear Kristin:

Thank you for your consideration of the matter. Any further explanation possible?

If not, thank you.

Best regards,

From: Shaffer, Kristin <kshaffer@ftc.gov>

Date: Thursday, Mar 31, 2022, 12:36 PM

To: [REDACTED]
Cc: [REDACTED] >
Subject: [EXTERNAL] RE: Dilution/Beneficial Ownership

[REDACTED]
We disagree. The exemptions do not apply to these facts.

Best regards,
Kristin

Kristin Shaffer

Attorney
Premerger Notification Office
Federal Trade Commission
202-326-2388 | kshaffer@ftc.gov

From: [REDACTED]
Sent: Wednesday, March 30, 2022 4:08 PM
To: HSRHelp <HSRHelp@ftc.gov>
Cc: [REDACTED]
Subject: Dilution/Beneficial Ownership

Dear All:

I have a transaction which, analytically is the same as a reorganization but which does not fit within the parameters of Rule 802.10.

A now holds a 30% LLC interest in LLC-1, an entity that provides investment management services to entities affiliated with Parent, and is 70% owned by Parent, now a REIT, although it will cease to be a REIT in the future. In the contemplated transaction, A will be swapping its 30% interest in LLC-1 for a 10% interest in Parent plus cash. LLC-1 holds the majority of the assets of Parent. Parent owns some assets outside of LLC-1, but all of those assets are exempt assets (cash, minority non-corporate interests, minority stock interests in third parties, debt investments, and funds that hold minority stock interests of third parties.) The only non-exempt assets held by Parent stem from its 70% (to be 100%) ownership of LLC-1. Thus, through this transaction, A's interest in the non-exempt management business effectively is being reduced from 30% to 10%. Parent does own additional assets and interests but all of these additional assets and interests, while having economic value, fall under an HSR exemption.

Given these facts, A's beneficial ownership of the only non-exempt assets held by Parent is not increasing but, in fact, is being reduced from 30% to 10% and the swap of interests is, therefore, exempt from the filing requirements of the HSR Act.

Please let me know your views.

Best regards,

[Redacted signature block]

[Redacted signature block]

****This is an external message from: kshaffer@ftc.gov ****