

June 23, 1987

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VIA FEDERAL EXPRESS

Wayne Kaplan, Esq.
Premier Notification Office

Federal Trade Commission
6th Street and Pennsylvania Avenue, N.W.
Washington, D.C. 20580


Re: Telephone Conversation Concerning Committee of

The purpose of this letter is to confirm your recent telephone conversations with [redacted] concerning the provisions of Section 801.11(b)(1) of the rules promulgated by the Commission (the "Rules") under the provisions

whether a natural person satisfies the size-of-the-parties test under the Act and the Rules. Specifically, this will confirm our understanding that Section 801.11(b)(1) permits the elimination

that "[i]f the . . . total assets of any entity included within the person are not consolidated in such statements [the financial statements of the person], the . . . total assets of the person filing notification shall be recomputed to include the . . . nonduplicative total assets of each such entity . . ." 16 C.F.R. Section 801.11(b)(1). The Statement of Basis and Purpose of Rules Implementing Title II of the Act, as revised, which was published in 1978 in conjunction with the publication of Section 801.11(b)(1) of the Rules, further provides as follows:

The term "nonduplicative" makes clear that the


Wayne Kaplan, Esq.
June 23, 1987
Page 2

unconsolidated entity have not been counted as an
subtracting the asset already reflected would be to
count the same assets twice.

43 Fed. Reg. 33450, 33473 (1978).

Consistent with the foregoing, we have eliminated

Specifically, we have eliminated from the total assets of Mr. A, certain notes receivable (the "Notes"), the payees of which are certain of the entities included in the "person" of which Mr. A is the ultimate parent entity (the "Person"). Mr. A is the maker of the Notes. The value of the Notes has been eliminated in our calculations because the value of certain assets purchased with funds loaned to Mr. A (and evidenced by the Notes) by certain of the entities included in the Person has already been included in the recomputed financial statements of the Person. In other

the accountants in preparing such recomputed financial statements comply with the provisions of the Act and the Rules. Accordingly, information concerning assets included and assets excluded in our computations is set forth below.

Preliminarily, please be advised that the recomputed financial statements of Mr. A include the value of all "investment assets" held by Mr. A and the value of all assets held by each entity included in the Person, disregarding liabilities but less depreciation. 16 C.F.R. Sections 801.11(1)(2), 801.11(b), (d).

Based upon the foregoing, we have concluded that the recomputed financial statements prepared for Mr. A, solely for purposes of determining whether the size-of-the-parties test has been satisfied, have been prepared in accordance with the provisions of Section 801.11(b)(1) of the Rules. Further, we have concluded that such financial statements are "regularly prepared" financial statements under Section 801.11(c) of the Rules. Finally, we have concluded that Mr. A has no reporting obligation under the Act and the Rules, since the value of the

[REDACTED]
Wayne Kaplan, Esq.
June 23, 1987
Page 3

We intend to rely upon the conclusions set forth in the preceding paragraph. Please telephone the undersigned

[REDACTED]

[REDACTED]
[REDACTED]
cc: [REDACTED]

reviewed by [REDACTED] appears to be
in accordance with
general accounting principles
6/24/87

OK WEK
6/24/87

	MR. A	ENTITIES CONTROLLED BY MR. A
Cash	[REDACTED]	[REDACTED]
U.S. Treasury Bills (Note 1)	[REDACTED]	[REDACTED]

Fixed Assets - Net Accumulated Depreciation	[REDACTED]
Other Receivables (Note 5)	[REDACTED]
Deferred Expenses	[REDACTED]

Under the
the conditions
Section 7A (b) of
which restricts releas
Freedom of Information

Other Assets (Note 6)	[REDACTED]
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Note 1 - U.S. Treasury Bills are marked-to-market with the closing bid prices.

Note 2 - The estimated current values for Marketable Securities were determined as follows:

Stocks - Quoted closing prices [REDACTED]

Note 3 - The estimated value of Notes Receivable represent the outstanding principal plus accrued interest as follows:

Demand Note dated [REDACTED] with interest @ 10% [REDACTED]

Demand Note dated [REDACTED] with interest @ 10% [REDACTED]

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Note 4 - The estimated current value of the [REDACTED] is -

	<u>Mr. A</u>	<u>Entities Controlled by Mr. A</u>
Cost	[REDACTED]	[REDACTED]
Accumulated Depreciation	[REDACTED]	[REDACTED]

One of the entities controlled
by Mr. A

Accounts receivable from Mr. A to
one of the entities controlled
by Mr. A