

Acquisition of limited partnership interests which are traded on an exchange is reportable only if the interests are voting securities under 801.1(f) of the TSR rules. #

DIRECT DIAL NUMBER:

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FEDERAL EXPRESS

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Oct 24 10 51 AM '91  
FEDERAL TRADE COMMISSION

Re: Partnership Exemption

Dear Victor:

This letter is to confirm our telephone conversations of last week.

As I told you, we represent an entity (the "Acquirer") which is a \$100 million person for purposes of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "Act").

The Acquirer, directly or through various related entities,

Exchange. The Acquirer will purchase the limited partnership interest from a \$10 million person (the "Seller") for a purchase price of \$970,314 plus contingent payments of up to an additional \$2,000,000, in the form of a percentage of cash distributions. The Acquirer purchased limited partnership interest during the five (5) year period following closing. In addition, the Acquirer will purchase the general partnership interest of the sole general partner (the "General Partnership Interest") of the limited partnership for approximately \$75,000. The sole general partner, which is a wholly-owned subsidiary of the Seller, has a 1% interest in the limited partnership.

limited partnership is its own ultimate parent entity.

\* In this case, they are not voting securities, since they do not carry the right to vote for directors or persons who exercise similar functions. Their voting power is limited to

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October 23, 1991  
Page -2-

Furthermore, a management contract between the Limited Partnership and a wholly-owned subsidiary of the Seller will be terminated and a new management contract between a subsidiary of the Acquirer and the Limited Partnership will be executed. In consideration of the termination of the management contract and the assignment of accrued management fees and other amounts owing from the Limited Partnership to the Seller or the Seller's subsidiary, the Acquirer's subsidiary will pay the Seller and/or the Seller's subsidiary approximately \$5,000,000.

Based on the foregoing, you advised me that the Acquirer's purchase of the Limited Partnership Interest and the General Partnership Interest will be subject to the purview of the Act. Your rationale was that the Statement of Basis and Purpose specifically provides that the acquisition of a partnership interest is not a transaction covered by the Act.

Separately, we did not discuss the applicability of the Act to the payment for the termination of the management contract but I am providing you my analysis on such transaction. My understanding is that the Act would not apply to a management contract provided that such contract's purpose is not to avoid compliance with the Act.

If you disagree with any aspects of this letter, or further clarification is required, please let me know.

Very truly yours

[REDACTED]

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assets + liquidation of the partnership. The fact that the acquiring person will become the general partner & enter into a management contract with the partnership does not bring it alone into the purview of the Act under FOIA (f)(1).