

§ 802.20(k)

June 14, 1994

EDENAL  
OFFICE  
ESPERAN  
OFFICE

6th Street and Pennsylvania Ave., NW  
Washington, DC 20580  
FAX NO, (202)326-2050

94

is a copy of my "Memorandum to File" dated today which describes a merger and concludes that it is exempt under Paragraph 802.20 from Notification.

Assuming my facts as to assets, sales and market value of stock are correct, is my conclusion correct that no Notification need be filed by either of the two companies?

Thank you.

Very truly yours,

6/16/94

Called Writen and told him  
this is OK

F H

MEMORANDUM TO FILE  
Dated June 14, 1994

Father owns over 70% of the stock of Corporation W with assets and sales of over \$100,000,000.

Son owns 95% of the stock of Corporation M, with assets of \$7,000,000 and sales of \$11,300,000. (M has no subsidiaries or brother/sister corporations) 100% of the stock of Corporation M has a market value of less than \$15,000,000.

It is proposed that W and M merge with surviving corporation to be W. Son's stock of W as a result of the merger will have a market value less than \$15,000,000.

It appears that this transaction is exempt from the requirements

802.20 minimum dollar value.

Such 802.20 provides as follows:

"An acquisition which would be subject to the requirements of the act and which satisfies section 7A(a)(3)(A), but which does not satisfy section 7A(a)(3)(B), shall be exempt from the requirements of the act if as a result of the acquisition the acquiring person would not hold:

(a) Assets of the acquired person valued at more than

(b) Voting securities which confer control of an issuer which, together with all entities which it controls, has annual net sales or total assets of \$25 million or more."

In this transaction, the acquisition/merger satisfies section 7A(a)(3)(A) because the acquiring person (the father) would hold

value.

The acquisition is exempt pursuant to 802.20(b) because the father would not hold more than 10% of the common stock

control of M (issuer) with M having net sales or total assets of \$25,000,000 or more.

Therefore, the acquiror Corporation W need not file Notification. In words of 802.20(b), after the merger, the father's control of the issuer (the son's prior business M) would be control of less than \$25,000,000 sales and less than \$25,000,000 net assets.

Further, M, because the son's stock in W after the merger would be valued at less than \$15,000,000, need not file Notification.