VIA FACSIMILE

Kichard B. Smith, Esq.

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BERNISSIC OFFICE

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Room 303

Washington, D.C. 20580

Rc.

Hart-Scott-Rodino Reportability Analysis Regarding

Application of Rule 802.63

Premerger Notification Office (h) of the Classes

Dear Dick:

I am writing to confirm the substance of the telephone conversation that we had yesterday, in which you agreed with our conclusion that Rule 802.63 (Certain acquisitions by creditors and insurers) exempts from Hart-Scotl-Rodino reporting requirements the creditor's acquisition in the transaction discussed below. We represent only the creditor in this transaction. Further, we understand that your advice is limited to the following facts.

Presently, Company A holds a mortgage note, which is owed by Company B.

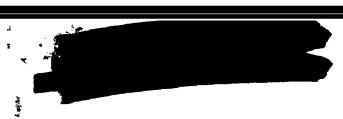
Company B.

Company B.

Company B.

Company B in its ordinary course of business. Company B has experienced severe financial difficulties, and recently announced that it would file for bankruptcy unless a suitable white knight could be found to buy the Company.

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Richard B. Smith, Esq. Premerger Notification Office Federal Trade Commission August 17, 1995 Page 2

As part of this debt workout, Company C has requested Company A to restructure the existing mortgage note owed by Company B. This specific debt restructuring is the transaction that we are analyzing for Hart-Scott-Rodino reporting purposes.

The three parties (Company A. Company B. and Company C.) have agreed to the

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creditor exemption (Kule 802.6.5) applies to the creditor's acquisition or Company C voting securities in this fact pattern. Specifically, Company A's acquisition from Company C, of a new note and voting securities of Company C, is exempt from a potential Hart-Scott-Rodino filing because it represents a creditor's acquisition pursuant to a bona fide debt workout.<sup>1</sup>

If my understanding is inaccurate, or if you have any questions, please contact me immediately. As I indicated in our conversation, all of the interested parties are operating under a tight time deadline, and we appreciate the prompt attention you have given this matter.



We are not involved in analyzing the other parts of this transaction with respect to Hart-Scott Rodino reporting requirements. Our telephone conversation related only to Company A's acquisition of

securities. We have not attempted to determine it that transaction is reportable.

8/23/95 - Writer confirms that Company A the original lender to B competer with neither B or C. A will not take the working stock until after (may be keny with neither B or C. A will not take the working stock until after (may be keny with neither B or C. A will not take the last is one beg transaction for the soon after) C taker control of B (the entire death one beg transaction for the

A could use 802.63 for the largery of A sale of Balmitt