

801.40 (LLC FORMATION)

August 5, 1996

Via Overnight Courier

Richard B. Smith, Esq.
Federal Trade Commission,
Premerger Notification Office
Room 303
6th Street and Pennsylvania Avenue, N.W.
Washington, DC 20580

Dear Dick:

Thank you for spending time with me on August 2, 1996 to discuss the premerger reporting requirements for the formation of joint ventures which are organized as Limited Liability Companies ("LLCs").

The hypothetical transaction from which my request for informal advice, see 16 C.F.R. § 803.30, arose is as follows:

Company A and Company B are each for-profit U.S. corporations with over \$100 million in assets and annual revenues. A and B plan on forming a joint venture, JV, which will be organized as an LLC. A and B are each contributing assets valued in excess of \$100 million to JV. A and B will be the only members of JV. JV will be governed by a member committee or its equivalent which will serve a role analogous to a board of directors for a corporation. The member committee will consist of an equal number of representatives appointed by A and B (probably 2 each). The representatives appointed by A will each be current employees, officers or directors of A. Similarly, the representatives appointed by B will each be current employees, officers or directors of B. It is anticipated that JV will have over 100 operational employees

