

802.2(e)
802.5

October 7, 1996

VIA HAND DELIVERY

Mr. Patrick Sharpe
Compliance Specialist
Pre-Merger Notification Office
Federal Trade Commission
Room 301
6th Street and Pennsylvania Avenue, NW
Washington, DC 20580

Dear Patrick:

This letter will confirm that the following transactions will be completed by [redacted]

Company C, a REIT, is the ultimate parent entity of two companies:
(1) Company B, which owns a hotel and is the lessor under a lease of the hotel's

gambling equipment and operations and operates the gambling operations.
Company A proposes acquiring from Company B the hotel and lessor interest in the lease of the hotel's gambling operations, for total consideration of approximately \$23 million. As the landlord of Company D, following the acquisition of the hotel and leasehold from Company B, Company A will receive rental payments in an amount which would be typical for such a lease. Company A may, as a separate and non-contingent transaction, subsequently purchase from Company D the gambling equipment and operations, which are valued at approximately \$3 million. However, the purchase of the gambling operations

Separate agreement has been entered



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Is it exempt?
As we discussed in a telephone conversation, the purchase of the hotel, including the leasehold, would be exempt under 16 C.F.R. §§ 802.2(e)(1) and 802.5. Since the purchase of the gambling operations would be a separate and non-contingent transaction, which is unlikely to occur in less than 18 months after the purchase of the hotel from Company B, if it ever occurs, such purchase of the gambling operations would be evaluated for H-S-R Act purposes separately from the hotel transaction and would not subject the hotel transaction to the limitation set forth in 16 C.F.R. § 802.2(e)(2). If Company A subsequently acquires the gambling operations from Company D for approximately \$3 million then this second transaction would be exempt from

* * *


Please let me know as soon as possible if you disagree with the analysis stated for the above-described transactions. As always, I appreciate your assistance in this matter. Best regards.

Sincerely,

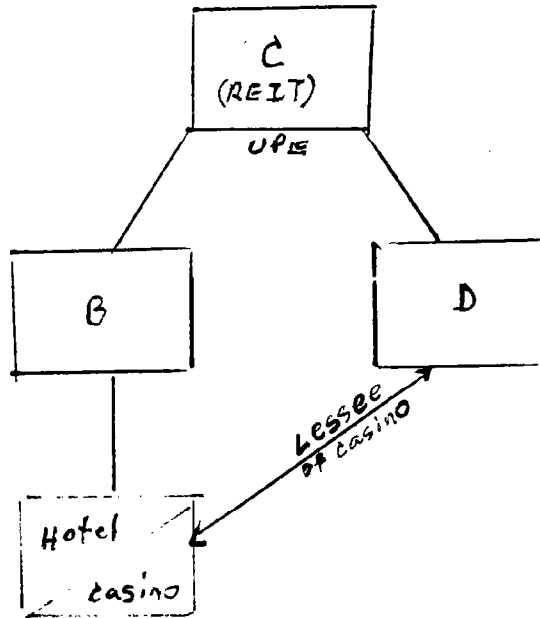
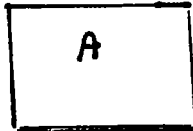


The "intent" is to buy and run a casino. A is not acquiring the building "solely" for the purpose of being a landlord. Its intent is to own and operate a casino. Consequently, 802.5 or 802.2(e) cannot apply.

per Staff consensus
after much discussion

called  10/11/96
This is not exempt

(95)



Trans. 1

A will acquire the hotel and lessor interest in casino owned by B from C for \$23 MM.

A will acquire the gambling equipment and operations
