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To: Nancy Ovuka Company: Federal Trade Commission
Main Telephone: 202-326-2609 Facsimile #: [REDACTED]
From: [REDACTED]
Subject: E-Fax:
Message:

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WATERBURY NUMBER

March 10, 1998

VIA TELECOPY

Ms. Nancy Ovuka
Premerger Notification Office
Bureau of Competition
Room 303
Federal Trade Commission

Re: [REDACTED]

Dear Nancy:

Attached is an outline of a transaction that involves the transfer of a [REDACTED] and certain [REDACTED]. We believe that the described transaction is exempt from the reporting requirements of the Hart-Scott-Rodino Antitrust Improvement Act of 1976.

Sincerely,

[REDACTED]

[REDACTED]

[REDACTED]

For purposes of analysis, assume that all relevant "size-of-person" and "size-of-transaction" tests are met.

§ equal "controlled" entities of A, including A1, issue credit cards (including bank credit cards

(the "Receivables")

and private label credit cards to consumers B1 and B2 (also a "controlled" entity of B),

action whereby C1 and D1 will purchase the following:

- B. C1 will acquire from A1, B1, and B2, 1/4 of the Receivables;
- C. D1 will acquire from A1 1/4 of the Accounts, and

B. B1 will still issue private label credit cards to consumers, and other "controlled" entities of B will still issue bank credit cards and private label credit cards to consumers

Since the "person" of which each of A and B are included will still extend consumer credit

to be conducted in the ordinary course of all of the parties' respective businesses.

LLC
802.9

March 11, 1998

VIA FACSIMILE

Ms. Nancy Ovuka

Federal Trade Commission
Washington DC 20580

Dear Ms. Ovuka:

I represent [redacted] LLC ([redacted]) and [redacted] I appreciate the

I. Background Facts

A. [redacted] LLC, [redacted] is a [redacted] corporation that operates 56 stores in eleven western states. [redacted] LLC is the sole shareholder of [redacted] has two classes of membership interests: Governance Units and Financial Units. Both Units have the same rights to receive profits and distributions upon liquidation. Members with Governance Units

	Gov. Units	Fin. Units	Total	%
[redacted]	100	475	575	28.75
[redacted]	-0-	525	525	26.25
[redacted]	-0-	525	525	26.25
[redacted]	-0-	375	375	18.75
Totals			2,000	100%

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Managers and sole holders of the Governance Units, have powers similar to general partners in a

The managers may delegate authority to a single manager. However, [redacted] operating agreement specifically provides that so long as [redacted] is employed by [redacted] the surviving

is a consultant for [redacted] no [redacted] management responsibilities may be delegated to him alone. Because there are only two Managers, both must agree to act.

At this time, [redacted] owns no other assets other than the [redacted] stock.

B. Proposed Transaction Enclosed is a chart that briefly summarizes the proposed merger transaction. [redacted] will form [redacted] [redacted] will receive 2,143,013 shares of [redacted] common stock in exchange for all of the [redacted] stock. The [redacted] common stock to be received by [redacted] is worth approximately \$43.5 million (based on its current market price).

As of January 30, 1998, [redacted] had 2,904,745 shares of Class A common stock outstanding (which stock has 10 votes per share), and 45,575,415 shares of Common Stock outstanding. If [redacted] outstanding [redacted] Common Stock (using the 45,575,415 figure, plus the 2,143,013 new shares issued to [redacted] This does not include the nonregistered Class A common stock with the super-

C. Involvement of the [redacted] with [redacted] [redacted] now serves as the president of [redacted] After the merger, [redacted] will serve as a consultant for [redacted] for a year. He will not be a director, officer or employee of [redacted] and will not have any management authority [redacted] of [redacted] and will be an employee with some management authority over [redacted] the [redacted] subsidiary.

There is a possibility that [redacted] will provide consulting services to [redacted] during the transition period because of his knowledge of [redacted] computer systems. [redacted] is

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be an officer or director of the surviving corporation, and would not have any management

II. Issue

... of the availability of the §802.9 exemption for
... subject for the exemption. However, I understand the RTC agrees that if

... that a general partner would have over a limited partnership, then the §802.9
exemption would be available to ...

Please confirm my understanding of the availability of the §802.9 (solely for investment)

Very truly yours,

[Redacted Signature]

Cc: [Redacted]

ELLIS, LI & MCKINSTRY PLLC

ATTORNEYS AT LAW

Shih Irrevocable Trust;
Daniel & Douglas, Co-
Trustees; Daniel &
Douglas Beneficiaries
10.75%

Douglas Shih
26.25%

Daniel Shih
26.25%

Crestwood Partners LLC

100%

Lux Corporation
4 Digit Industry Code: 5611

M

Clare's Stores, Inc.
4 Digit Industry Code: 5632

Clare's Stores, Inc.
4 Digit Industry Code: 5632

100%

CSI Acquisition Corporation

*125