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January 7, 1983

Premerger Notification Office  
Bureau of Competition  
Room 301  
Federal Trade Commission  
Washington, D.C. 20580

Attention: Patrick Sharpe

Gentlemen:

We represent A, the ultimate parent entity of an acquiring person which, together with its subsidiaries, is in the business of acquiring, owning, selling, leasing and managing hotels, inns and hotel-casinos throughout the United States. As of March 1, 1982, A owned or leased and operated 17 hotels and managed 31 hotels partly or wholly-owned by others. In addition, 173 hotels were operated under the name of A pursuant to franchises granted by a subsidiary of A.

A has acquired an option to purchase all of the outstanding voting securities of X which, together with its wholly-owned subsidiary Y, owns the personal property and the leasehold estate in real property comprising Hotel. Hotel, which is the only operating asset of X and Y, is currently being managed by A. The ultimate parent entity of X and Y is a foreign corporation, W. W, through its subsidiaries, is primarily engaged in the businesses of insurance and various forms of real estate investment and related activities.

The aggregate dollar value of the transaction would constitute substantially less than 5% of the total assets of either the acquiring or the acquired person.

It is our position that the proposed acquisition should be exempt under Section 7A(c)(1) of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and Section 802.1 of the rules promulgated thereunder as an acquisition of goods or realty in the ordinary course of business. (In this regard, we rely in part on Section 802.1(a) of the rules since the sole operating asset of X and Y is the realty and related personalty constituting the Hotel.)

While we recognize that the premerger notification staff has expressed the belief that the acquisition of a hotel does not, necessarily, qualify under this exemption, we believe that the particular facts of the proposed acquisition, i.e., the nominal dollar value of the transaction compared to the total assets of the acquiring and acquired persons, and the nature of the real estate activities of each of the parties to the transaction, justify the conclusion that the acquisition of the voting securities of X should be deemed an acquisition of goods or realty in the ordinary course of the businesses of A and W within the meaning of this exemption.

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Please contact the undersigned at your earliest convenience to advise us whether the premerger notification staff concurs with our views on this matter.