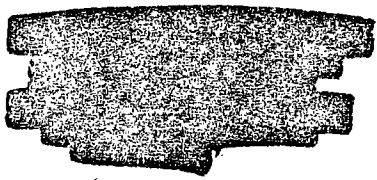
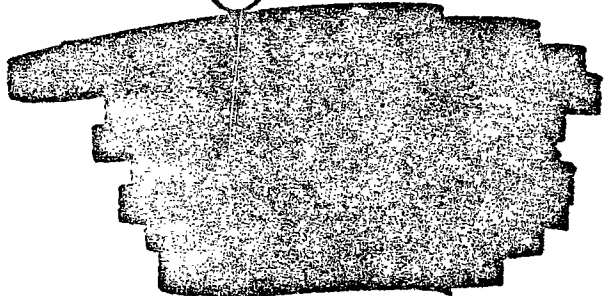
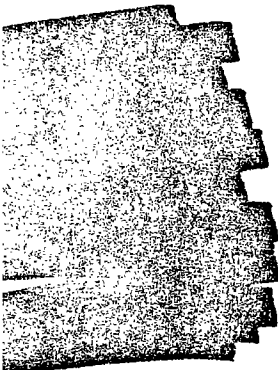


DB



October 7, 1985

Patrick Sharpe, Esquire  
Premerger Notification Office  
Room 303  
Federal Trade Commission  
Washington, D.C. 20580

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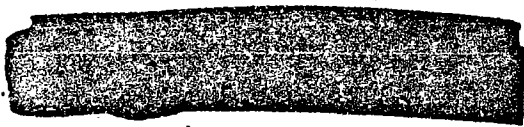
Dear Mr. Sharpe:

I am writing to confirm advice received in our telephone conversation concerning applicability of Section 802.1 to the following proposed transaction. The acquiring party intends to acquire all of the stock of a corporation whose assets consist of undeveloped land which contains no structures, but does contain some water and sewer connections and some streets. The property does not generate any income other than through the sale of land to developers in the ordinary course of its business, for which the company receives cash and notes receivable. The acquired company also has a subsidiary water company whose value is less than \$4 million and whose annual revenue is less than \$1 million. The subsidiary will also be transferred as part of the transaction.

My understanding, based on our telephone conversation, is that, under Section 802.1(a) the acquisition of the stock of the real estate corporation would be treated as an acquisition of real estate and that, because the real estate does not produce income, the exemption would apply and the acquisition of the real estate company would not be reportable. Since acquisition of the water company does not meet the size-of-transaction criteria, its acquisition would also not be reportable under Section 801.15(a)(1) (referring to Section 7A(c)(1)).

If this understanding is incorrect, please notify me immediately, as the parties need to proceed with the transaction in a very short period of time.

Sincerely,



I concur

called 10-11-85  
Patrick

