[redacted]

(WK)

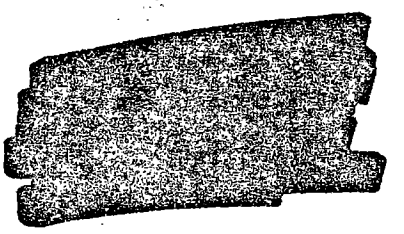
October 31, 1985

Wayne E. Kaplan, Esq.
Staff Attorney
Federal Trade Commission
Pre-Merger Notification Section
Sixth & Pennsylvania Avenue, N. W.
Room 301
Washington, D. C. 20580

Dear Mr. Kaplan:

As I told you in our telephone conversation today, upon further reflection I felt that there was another point for consideration which perhaps does not go precisely to Section 802.63 but is consistent with the policy of recognizing an exemption under that Section. It is the fact there is only a transfer of 25% of the facility so far as the basic market in the area is concerned. The original construction and use of the [redacted] facility by [redacted] adjacent to the [redacted] plant was essentially an accommodation to [redacted] even though it was not integral to the [redacted] mill. The transfer from [redacted] to the financing institution with operation by [redacted] is also an accommodation t[redacted] has taken and will continue to take 75% of the output of that facility. There is a transfer of commercial control of, at most, 25% of the value of the output of the facility. In the recently proposed amendments to the Hart-Scott-Rodino rules with respect to "acquisition vehicles", the Commission recognizes the validity of this broad concept. If that concept is applied here by analogy, the transaction should not be considered to have a value of $22,000,000 but one having a value of less than $6,000,000.00 which would not be reportable under the rules or the Act. Moreover, any financial institution would view this transaction as a credit to [redacted] with only a minor focus upon the property as such.

Therefore, for the reasons I cited in my letter of yesterday as well as a consideration of the total commercial realities as outlined above, we again strongly urge that the proposed transaction be viewed as coming under the provisions of Section 802.63 of the rules of the Hart-Scott-Rodino Act.



As indicated, I will be available at [redacted]
and look forward to hearing from you as soon as possible.

Very truly yours,