

DIVISION OF CORPORATE FINANCE
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

April 2, 1976

Honorable A. A. Sommer, Jr.
Commissioner
Securities and Exchange Commission
500 North Capitol Street
Washington, D. C. 20549

Re: Reneé Hill

Dear Commissioner Sommer:

This is in response to your request for the Division's informal views with respect to a "going private" transaction involving the transfer of Reneé Hill presently contemplated to take place as of April 2, 1976. The Division previously orally discussed a similar matter with you in December of 1974. (The Division's views with respect to that matter have been expressed in a separate letter.) You indicate, as you did in 1974 that, in your opinion, the transaction, if accomplished as described will be in full compliance with the federal securities laws.

You have advised us of the facts you deem relevant to the request and we have reviewed other information available to us which may be relevant. You indicate that the necessary documentation for the transaction has been properly executed and the Division has received a copy of the Form 52. The Division understands that the holding period has been approximately sixteen months, although you express the opinion that you are entitled to "tack" the four year holding period of the previous holder.

You indicate that there is adequate information concerning the transaction currently available to the public, and that the interested parties have been advised of competing offers. You further indicate that the transaction has a sound business purpose and that the compensation is, in your opinion, fair. Also with respect to compensation, you indicate that, in light of the nature of the transaction, the compensation is not unusually high.

You request that, if the Division is unable to express a view that the transaction is in full compliance with the federal securities laws, the matter be submitted to the Commission.

The Division is unable to concur in your opinion with respect to "tacking" of the previous holder's holding period. As you are aware, the Commission has recently expressed the view that persons holding interests in unincorporated associations may not "tack" the association's holding period after a distribution of its assets to such persons.

The Division is also concerned that you apparently have not obtained the opinion of two independent persons with respect to the fairness of the transaction and that the previous holder may be acting as an undisclosed offeree representative. In light of these concerns and your request, this matter was submitted to the Commission. The Division has been authorized to advise you that, by a vote of two to one with two abstentions, the Commission has declined to review this matter. The Commission further authorized the Division to advise you that, had the Commission determined to review this matter on its merits, the Commission would have affirmed the Division's views by a vote of three to one with one abstention.

Accordingly, the Division would not be required to express its informal views with respect to this matter. The Division, however, does suggest that, since the transaction apparently will take place entirely within the District of Columbia, the jurisdictional means may not be employed. Therefore, by analogy to other federal statutes and based on your assurance that no resort real estate will be employed in connection with the transaction, the Division will not recommend any action to the Commission if the transaction takes place as described.

Because this position is based upon the representations made to the Division in your letter, it should be noted that any different facts or conditions might require a different conclusion. Further, this letter only expresses the Division's position on enforcement action and does not purport to express any legal conclusion on the questions presented.

Sincerely,
Richard H. Rowe
Director

cc: René Hill