

2. *Steven J. Harms*, LeMars, Iowa; Richard H. Harms, Brunsville, Iowa; Beth Ann Rollinger, Brunsville, Iowa; and Carol M. Schmitz, Brunsville, Iowa; all to retain voting shares of Merrill Bancorporation, Inc., Merrill, Iowa, and thereby indirectly retain voting shares of Farmers State Bank, Merrill, Iowa.

B. Federal Reserve Bank of Kansas City (D. Michael Manies, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *Walter David Scott, Amy Scott Willer, Sandra Scott Parker, and James A. Hansen*, all of Omaha, Nebraska; and Karen Scott Dixon, Leawood, Kansas; to acquire voting shares of Ashland Bancshares, Inc., Ashland, Nebraska, and thereby indirectly acquire Sapp City Bank, Omaha, Nebraska.

Board of Governors of the Federal Reserve System, October 6, 1998.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 98-27334 Filed 10-9-98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies

The companies listed in this notice have applied to the Board for approval, pursuant to the Bank Holding Company Act of 1956 (12 U.S.C. 1841 *et seq.*) (BHC Act), Regulation Y (12 CFR Part 225), and all other applicable statutes and regulations to become a bank holding company and/or to acquire the assets or the ownership of, control of, or the power to vote shares of a bank or bank holding company and all of the banks and nonbanking companies owned by the bank holding company, including the companies listed below.

The applications listed below, as well as other related filings required by the Board, are available for immediate inspection at the Federal Reserve Bank indicated. The application also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the standards enumerated in the BHC Act (12 U.S.C. 1842(c)). If the proposal also involves the acquisition of a nonbanking company, the review also includes whether the acquisition of the nonbanking company complies with the standards in section 4 of the BHC Act. Unless otherwise noted, nonbanking activities will be conducted throughout the United States.

Unless otherwise noted, comments regarding each of these applications must be received at the Reserve Bank indicated or the offices of the Board of

Governors not later than November 6, 1998.

A. Federal Reserve Bank of Richmond (A. Linwood Gill III, Assistant Vice President) 701 East Byrd Street, Richmond, Virginia 23261-4528:

1. *City Holding Company*, Charleston, West Virginia; to merge with Horizon Bancorp, Inc., Beckley, West Virginia, and thereby indirectly acquire Bank of Raleigh, Beckley, West Virginia; First National Bank of Marlinton, Marlinton, West Virginia; Greenbrier Valley National Bank, Lewisburg, West Virginia; National Bank of Summers, Hinton, West Virginia; and The Twentieth Street Bank, Huntington, West Virginia.

B. Federal Reserve Bank of Atlanta (Lois Berthaume, Vice President) 104 Marietta Street, N.W., Atlanta, Georgia 30303-2713:

1. *Community Spirit Bancshares, Inc.*, Belmont, Mississippi; to become a bank holding company by acquiring 100 percent of the voting shares of Community Spirit Bank, Belmont, Mississippi (in organization).

2. *The Weatherford Foundation of Red Bay, AL, Inc., and Independent Bancshares, Inc.*, both of Red Bay, Alabama; to acquire 100 percent of the voting shares of Community Spirit Bancshares, Inc., Belmont, Mississippi (in organization), and thereby indirectly acquire Community Spirit Bank - Mississippi, Belmont, Mississippi (in organization).

C. Federal Reserve Bank of Chicago (Philip Jackson, Applications Officer) 230 South LaSalle Street, Chicago, Illinois 60690-1413:

1. *CDS Bancorp, Inc.*, Spirit Lake, Iowa; to become a bank holding company by acquiring 100 percent of the voting shares of First Bank & Trust, Spirit Lake, Iowa.

2. *Ida Grove Bancshares, Inc.*, Ida Grove, Iowa; to acquire 90 percent of the voting shares of First State Bank, Churdan, Iowa.

D. Federal Reserve Bank of Kansas City (D. Michael Manies, Assistant Vice President) 925 Grand Avenue, Kansas City, Missouri 64198-0001:

1. *Community Bancshares, Inc., ESOP*, Neosho, Missouri; to acquire an additional 21.72 percent for a pro forma total of 50 percent of the voting shares of Community Bancshares, Inc., Neosho, Missouri, and thereby indirectly acquire Community Bank & Trust, Neosho, Missouri.

Board of Governors of the Federal Reserve System, October 6, 1998.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 98-27333 Filed 10-9-98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL RESERVE SYSTEM

Formations of, Acquisitions by, and Mergers of Bank Holding Companies; Correction

This notice corrects a notice (FR Doc. 98-26477) published on page 53058 of the issue for Friday, October 2, 1998.

Under the Federal Reserve Bank of San Francisco heading, the entry for Santa Barbara Bancorp, Santa Barbara, California, is revised to read as follows:

A. Federal Reserve Bank of San Francisco (Maria Villanueva, Manager of Analytical Support, Consumer Regulation Group) 101 Market Street, San Francisco, California 94105-1579:

1. *Santa Barbara Bancorp*, Santa Barbara, California; to merge with Pacific Capital Bancorp, Salinas, California, and thereby indirectly acquire First National Bank of Central California, Monterey, California, and South Valley National Bank, Morgan Hill, California.

Comments on this application must be received by October 29, 1998.

Board of Governors of the Federal Reserve System, October 6, 1998.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 98-27335 Filed 10-9-98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL RESERVE SYSTEM

Notice of Proposals to Engage in Permissible Nonbanking Activities or to Acquire Companies that are Engaged in Permissible Nonbanking Activities

The companies listed in this notice have given notice under section 4 of the Bank Holding Company Act (12 U.S.C. 1843) (BHC Act) and Regulation Y, (12 CFR Part 225) to engage *de novo*, or to acquire or control voting securities or assets of a company, including the companies listed below, that engages either directly or through a subsidiary or other company, in a nonbanking activity that is listed in § 225.28 of Regulation Y (12 CFR 225.28) or that the Board has determined by Order to be closely related to banking and permissible for bank holding companies. Unless otherwise noted, these activities will be conducted throughout the United States.

Each notice is available for inspection at the Federal Reserve Bank indicated. The notice also will be available for inspection at the offices of the Board of Governors. Interested persons may express their views in writing on the question whether the proposal complies with the standards of section 4 of the BHC Act.

Unless otherwise noted, comments regarding the applications must be received at the Reserve Bank indicated or the offices of the Board of Governors not later than October 27, 1998.

A. Federal Reserve Bank of Atlanta
(Lois Berthaume, Vice President) 104 Marietta Street, N.W., Atlanta, Georgia 30303-2713:

1. *Community Financial Group, Inc.*, Nashville, Tennessee; to engage *de novo* through its subsidiary, American Growth Finance, Inc., Dallas, Texas, a *de novo* joint venture, and thereby engage in making, acquiring, and servicing loans or other extensions of credit, pursuant to § 225.28(b)(1) of Regulation Y.

Board of Governors of the Federal Reserve System, October 6, 1998.

Robert deV. Frierson,

Associate Secretary of the Board.

[FR Doc. 98-27332 Filed 10-9-98; 8:45 am]

BILLING CODE 6210-01-F

FEDERAL TRADE COMMISSION

Premerger Notification: Reporting and Waiting Period Requirements

AGENCY: Federal Trade Commission.

ACTION: Notice of adoption of formal interpretation and request for comments.

SUMMARY: The Premerger Notification Office ("PNO") of the Federal Trade Commission ("FTC"), with the concurrence of the Assistant Attorney General in charge of the Antitrust Division of the Department of Justice ("DOJ"), is adopting a Formal Interpretation of the Hart-Scott-Rodino Act, which requires certain persons planning certain mergers, consolidations, or other acquisitions to report information about the proposed transactions to the FTC and DOJ. The Interpretation concerns the reportability of certain transactions involving a Limited Liability Company ("LLC"), a relatively new form of entity authorized by state statutes. Under the Interpretation, the formation of an LLC will be reportable if it will unite two or more pre-existing businesses under common control. Similarly, acquisitions of existing LLC membership interests will be reportable if they would have the effect of uniting two or more pre-existing businesses under common control.

DATES: The effective date is December 14, 1998. Comments must be submitted on or before November 12, 1998.

ADDRESSES: Send written comments to Joseph G. Krauss, Assistant Director for

the Premerger Notification Office, Bureau of Competition, Room 301, Federal Trade Commission, Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT:

Joseph G. Krauss, Assistant Director for the Premerger Notification Office, Bureau of Competition, Room 301, Federal Trade Commission, Washington, DC 20580. Telephone: (202) 326-2713. Thomas F. Hancock, Attorney, Premerger Notification Office, Bureau of Competition, Room 301, Federal Trade Commission, Washington, DC 20580. Telephone: (202) 326-2946.

SUPPLEMENTARY INFORMATION: The text of Formal Interpretation Number 15 is set out below:

Formal Interpretation Number 15

Formal Interpretation Pursuant to § 803.30 of the Premerger Notification Rules, 16 CFR 803.30, Concerning the Reporting Requirements for the Formation of Certain Limited Liability Companies ("LLCs") and for Acquisitions of Membership Interests in Certain Existing LLCs.

This is a Formal Interpretation pursuant to § 803.30 of the Premerger Notification Rules ("the rules"), 16 CFR 803.30, and 801.2(d) of the rules, 16 CFR 801.2(d). The rules implement Section 7A of the Clayton Act, 15 U.S.C. 18a, which was added by sections 201 and 202 of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("the act").

The act requires the parties to certain mergers, acquisitions, and other business combinations to file reports with the FTC and the DOJ and to wait a specified period of time before consummating the transaction. The purpose of the act and the rules is to ensure that such transactions receive meaningful scrutiny under the antitrust laws, with the possibility of an effective remedy for violations, prior to consummation.

The LLC¹ is a relatively new form of business organization which is neither a partnership nor a corporation but a hybrid legal entity which combines certain desirable features of both partnerships and corporations. Specifically, an LLC is taxed as a partnership but shields its members from liability as a corporation shields its shareholders. The first LLC statute was passed in 1977 by Wyoming² and a

trickle of other states followed. The use of LLCs expanded significantly after 1988 when the Internal Revenue Service ("IRS") concluded that an LLC organized under the Wyoming statute was taxable as a partnership.³ By 1993 all 51 jurisdictions had LLC laws of one form or another.

When it first encountered these types of organizational structures, the PNO concluded that as "companies" LLCs are "entities" within the meaning of § 801.1(a)(2), 16 CFR 801.1(a)(2), and that, until it had more experience with them, the PNO would deem LLCs to be corporations. Initially, therefore, § 801.40 of the rules, 16 CFR 801.40, "Formation of joint venture or other corporations," governed the formation of LLCs and an interest in an LLC was treated as a voting security for HSR purposes.

On further analysis, the PNO concluded that this initial approach was inadequate. LLCs at the time were primarily used as a vehicle for the creation of start-up businesses. The PNO's treatment of LLCs resulted in requiring HSR filings in a large number of transactions that did not raise antitrust concerns. Furthermore, the PNO determined that in most LLCs the interest held by the members of the LLC was more like a partnership interest than that of a voting security interest. Consequently, in 1994, the PNO began to informally advise parties that the treatment of LLCs' for reporting purposes would depend on a determination of whether the interest acquired in the LLC was more like a voting security interest or more like a partnership interest.⁴

This subsequent treatment of LLCs has not been completely satisfactory. The use of LLCs has changed from primarily being a vehicle for start-up enterprises to being used now more frequently to combine competing businesses under common control. Indeed, the Commission's litigation staff has investigated several transactions raising potential antitrust concerns involving the formation of LLCs. In these transactions, previously separate

³ Rev. Rul. 88-76, 1988-2 C.B. 360, 361.

⁴ Specifically, the formation of an LLC was treated as potentially reportable only if the LLC had a group which functioned like a board of directors and the LLC ownership interest resulted in the holder appointing person(s) other than its employees, officers, or directors (or those of entities controlled by the holder or its ultimate parent entity) to that group. In such cases, the LLC interest was treated as a voting security interest. In all other instances, LLC interests were treated as partnership interests and the acquisition of these interests was not reportable (unless the acquiring person would hold 100 percent of the interests as a result of the acquisition).

¹ This Formal Interpretation applies only to the reportability of the formation of certain LLCs and of acquisitions of interests in certain existing LLCs. The position of the FTC staff on the status and treatment under the act of other non-corporate entities such as partnerships remains unchanged.

² *Wyo. Stat.* §§ 17-15-101 to -135 (Supp. 1989).