

b. "A" contributes a business, "B" contributes cash, and their interests change so that "A" has 61 percent and "B" has 39 percent. This is a new formation because of the changes in the membership interests but it is not reportable because two or more separately controlled businesses are not being contributed, as "A" controlled both businesses before the transaction.

c. "B" contributes a business, "A" contributes cash, and their interests change so that "A" has 59 percent and "B" has 41 percent. This is also a new formation. "A" will file to acquire the business being contributed by "B."

d. "B" contributes a business and the membership interests change so that "B" has 60 percent and "A" has 40 percent. This is a new formation, and "B" would file to acquire the business contributed by the LLC. "A," as the ultimate parent entity of the existing LLC, would file as the acquired person.

e. "C" contributes assets not constituting a business and the percentage interests are adjusted so that "A" has 50 percent, "B" has 30 percent, and "C" has 20 percent. This is not a new formation because the assets being contributed are not a business. "A," as ultimate parent entity of the LLC, will file to acquire these assets from "C."

4. "A" and "B" form a new LLC, to which "A" will contribute its widget business and "B" will contribute cash for operating capital. This formation would not be reportable because two previously separate businesses are not being contributed to the LLC.

5. "A," "B," and "C" form a 60-20-20 LLC to which "A" contributes cash and receives a 60 percent membership interest and "B" and "C" each contribute an operating unit for a 20 percent interest. This is a kind of a consolidation of "B's" and "C's" operating units into the new LLC and "A" will control the LLC. There are two reportable transactions (assuming the size criteria are met and no exemption applies): "A" acquiring the operating unit contributed by "B," and "A" acquiring the operating unit contributed by "C."

6. In year 1, "A," "B," and "C" form a new LLC to which each contributes a business and takes back a one-third membership interest. In year 4, the LLC acquires all the voting securities of another business from "D" in exchange for certain assets not constituting a business. This acquisition would not be analyzed as the formation of a new LLC because no member's percentage interest changes as a result of the transaction. Rather, the LLC would be viewed as acquiring the voting securities of the new business from "D."

This transaction will be reportable if the size criteria are met and no exemption applies. "D" will, of course, have to analyze its acquisition of assets from the LLC to determine if it is also reportable.

7. "A" proposes to consolidate its widget business, which it has conducted in two subsidiaries and a division, into a newly-formed LLC in which it will hold a 60 percent membership interest. This would not be reportable because, although separate businesses are being combined, they were not under separate control prior to the transaction.

8. "A," "B," and "C" form a new LLC in which "A" will have a 60 percent interest and "B" and "C" each will have 20 percent interests. "A," a large, international pharmaceutical company, contributes \$100 million in cash and the assets of a pharmaceutical product which is currently on the market. This pharmaceutical product line constitutes a business. "B" contributes licenses to several patents which it will also continue to use to manufacture various drugs. "C" will contribute licenses which are exclusive even against itself for several drugs which are still at the testing stage and which have never been marketed. With a 60 percent interest, "A" will control the LLC. Since the licenses "B" will contribute are not exclusive as against it, they do not constitute a business. However, the licenses being contributed by "C" do constitute a business, even though they have not generated any revenue. "A" has a potential reporting obligation for the formation of this LLC for acquiring assets from "C." This formation combines two pre-existing, separately controlled businesses in an LLC which "A" will control.

9. "A" and "B" are both regional grocery store chains which do their data processing in-house. "A's" data processing unit does work only for "A" and "B's" only for "B." "A" and "B" decide to contribute the assets used in their data processing operations to a new jointly-controlled LLC which will provide data processing services to "A" and "B." Assume the size tests are met. This would not be reportable because the assets used to provide such management and administrative support services do not constitute businesses. Cf. § 802.1(d)(4) of the rules and Examples 10 and 11, 16 CFR 802.1(d)(4). This would be the case even if the new LLC intends to begin offering data processing services to third parties, since this would be beginning a new business rather than uniting existing businesses. Note, however, that the result would be different if "A" and "B" had used their equipment to provide any data processing services to others prior to

contributing it to the new LLC, for then each would be contributing an existing business.

10. In year 1, "A," "B," and "C" form a new LLC to which each contributes a business in exchange for a one-third interest. This formation is not reportable because no member controls the LLC. Suppose that in year 2 "A" sells additional assets to the LLC for cash. This transaction is not analyzed as a new formation under this Formal Interpretation. However, the LLC has a potential filing obligation as the acquiring person of those assets and "A" as the acquired person. Note that it is irrelevant whether the assets sold by "A" in year 2 constitute a business. Note also that if assets not constituting a business are acquired by an LLC, even if the percentage membership interests change in the transaction, this is not analyzed as the formation of a new LLC, either, but as an acquisition by the LLC (or its post-acquisition ultimate parent entity).

Donald S. Clark,

Secretary.

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GENERAL ACCOUNTING OFFICE

Commercial Activities Panel

AGENCY: General Accounting Office.

ACTION: Notice and request for comments.

SUMMARY: Section 832 of the National Defense Authorization Act for Fiscal Year 2001 requires the Comptroller General to convene a panel of experts to study the transfer of commercial activities currently performed by government employees to federal contractors, a procedure commonly known as "contracting out" or "outsourcing." Selection of panel members is proceeding, and the formation of the panel will be announced in a subsequent **Federal Register** notice. To ensure that the panel considers the full array of possible issues and a wide range of views, this notice seeks public input on issues the panel should address. This notice also seeks reference to or copies of written materials on topics related to outsourcing. The General Accounting Office encourages input from all interested parties, including federal government agencies, federal employees or their representatives, industry groups, labor unions, and individuals. All submissions received will be reviewed for consideration by the panel.

The authorization act requires the Comptroller General to submit the panel's report to Congress by May 1, 2002.

DATES: Submit comments and submissions on or before May 7, 2001.

ADDRESSES: Submit comments electronically to GAO at: A76panel@gao.gov. Send comments and submissions to the General Accounting Office, Office of General Counsel, Room 7476, 441 G St. NW., Washington, DC 20548, Attention: William T. Woods. See **SUPPLEMENTARY INFORMATION** for other information about electronic filing.

FOR FURTHER INFORMATION CONTACT: William T. Woods, Project Director, (202) 512-8214; E-mail: woodsw@gao.gov.

SUPPLEMENTARY INFORMATION: Section 832 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001, Public Law 106-398, Oct. 30, 2000, directs the Comptroller General of the United States to convene a panel of experts to study the policies and procedures governing the transfer of commercial activities for the federal government from government personnel to a federal contractor. The panel's study is to include a review of: (1) Procedures for determining whether functions should continue to be performed by government personnel; (2) procedures for comparing the costs of performing functions by government personnel with the costs of performing those functions by federal contractors; (3) implementation by the Department of Defense of the Federal Activities Inventory Reform Act of 1998 (Pub. L. 105-270, 112 Stat. 2382, 31 U.S.C. 501 note); and (4) procedures of the Department of Defense for public-private competitions under Office of Management and Budget Circular A-76. By May 1, 2002, the Comptroller General must submit to Congress a report of the panel on the results of the study, including recommended changes with regard to implementing policies and enactment of legislation.

The Act requires the Comptroller General or a person within GAO designated by him to serve as the panel's chairman. The Comptroller General must appoint highly qualified and knowledgeable persons to serve on the panel and must ensure that the following entities receive fair representation on the panel: (1) The Department of Defense; (2) persons in private industry; (3) federal labor organizations; and (4) the Office of Management and Budget.

The General Accounting Office is in the process of forming a panel to conduct the study. The GAO issued a **Federal Register** notice on December 1, 2000, 65 FR 75288, inviting the public to submit suggestions on the composition of the panel. The GAO invited interested parties to submit suggestions on who should serve on the panel, specific agencies and organizations that should be represented, and the qualifications of panel members. In response to this notice, the GAO received a variety of comments on the composition of the panel, as well as numerous nominations of individuals to serve on the panel. The Comptroller General is in the process of reviewing these comments and nominations. Formation of the panel will be announced in a subsequent **Federal Register** notice.

In preparing for the panel's discussions, the GAO is asking now for input from interested parties, including federal government agencies, federal employees or their representatives, industry groups, labor unions, and individuals. At this time, the GAO is seeking comments identifying significant sourcing issues, as well as references to or copies of written materials related to these issues, including: (1) Determining which functions should be performed by the government and which functions are potential candidates for outsourcing; (2) options, mechanisms, and best practices for determining how commercial activities should be performed; and (3) issues involving Office of Management and Budget Circular A-76. GAO invites submission of comments, articles, and publications on these issues or other key topics the panel should address. As the panel proceeds with its work, it will solicit public comments on relevant issues through a variety of means, including public hearings.

Electronic Access and Filing

This notice is available on GAO's website at <http://www.gao.gov> under "Commercial Activities Panel." Comments and suggestions on the issues that should be addressed and references to or copies of written materials may be submitted by sending either an E-mail to A76panel@gao.gov or a hard copy to the General Accounting Office, Office of General Counsel, Room 7476, 441 G St. NW., Washington, DC 20548, Attention: William T. Woods.

Jack L. Brock, Jr.,

Managing Director, Acquisition and Sourcing Management, General Accounting Office.

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

White House Commission on Complementary and Alternative Medicine Policy; Notice of Meeting

Pursuant to Section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. Appendix 2), notice is given of a meeting of the White House Commission on Complementary and Alternative Medicine Policy.

The purpose of the meeting is to convene the Commission for a public hearing to receive public testimony from individuals and organizations interested in the subject of Federal policy regarding complementary and alternative medicine. The major focus of the meeting is complementary and alternative (CAM) practices in self-care and wellness and the development and dissemination of information on Complementary and Alternative Medicine practices and products. Comments received at the meeting may be used by the Commission to prepare the Report to the President as required by the Executive Order.

Comments should focus on the Complementary and Alternative Medicine in Self-Care and Wellness and Complementary and Alternative Medicine Information Development and Dissemination. Invited speaker discussions on March 26 include the following: CAM Information on the Internet; CAM Information in the Media; Advertising and Marketing of CAM Information and Products; and Analysis and Evaluation of CAM Consumer Information. Invited speaker discussions on March 27 include the following: Integrative Approaches to Wellness in Children, Families, and Communities; Integrative Approaches to Wellness and Nutrition; and Integrative Approaches to Wellness and Self-Care in the Elderly, Underserved Communities, in Schools, in the Workplace, for Caregivers, and at the End of Life.

Some Commission members may participate by telephone conference. Opportunities for oral statements by the public will be provided on March 27, from about 3 p.m.-4 p.m. (Time approximate).

Name of Committee: The White House Commission on Complementary and Alternative Medicine Policy.

Date: March 26-27, 2001.

Time:

March 26-8:15 a.m.-6 p.m.

March 27-8:15 a.m.-6 p.m.

Place: Hyatt Regency Hotel on Capitol Hill, Capitol Room, Lobby Level, 400 New Jersey Avenue, NW, Washington, DC 20001.