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February 26, 2001

Client-Matter 22755-030

**BY FACSIMILE and U.S. MAIL**

Jonathan Levin, Esq.  
Office of General Counsel  
Federal Election Commission  
999 E Street, N.W.  
Washington, D.C. 20463

Supplement for  
AOR 2000-30

**Re: pac.com**

Dear Mr. Levin:

This letter is in response to a series of voicemail messages that you have left me asking questions about the proposed activities of pac.com. The voicemail messages ask questions about my letter to the Federal Election Commission ("FEC") dated January 23, 2001, which in turn was responding to a letter from N. Bradley Litchfield of the FEC. In this letter, I attempt to provide you with the information that you have requested in your messages about the anticipated activities of pac.com.

You first of all ask in your messages whether pac.com meant to create an additional limitation that "Sophisticated Investors" not include employees or relatives of employees or relatives of any other principals or principal owners of the company. My letter did not mean to suggest that pac.com will impose a condition that "Sophisticated Investors" not include employees or relatives of employees or relatives of any other principals or principal owners of the company.

You next ask us to define "Series A round" in the context of stocks as opposed to bonds. By "Series A round," we use the customary term for the first round of private equity investment that includes "outside" accredited investors. A "Series A round" in an emerging company's corporate life refers to the first round of financing in which the company issues preferred stock to investors, typically venture capitalists. A "Series A round" often is preceded by an "angel" or "friends and family" round, in which the company sells common stock or, sometimes, convertible debt to a close group of investors so that it has enough money to initially develop a business plan, etc., so that a "Series A round" will be more attractive to venture capitalists. If the company is successful, the "Series A round" will be followed by successive rounds of preferred stock financing (Series B, C, and so on), each at higher per share valuations,

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until a "liquidity event" occurs – i.e., an initial public offering or a sale to another company for cash or public securities of the acquiring entity.

You next ask for clarification of one of our answers due to a problem with your original question. Specifically, you originally had asked whether "pac.com will acquire stocks and then inform a candidate that the particular stock will be contributed by pac.com to the candidate." Our answer in the January 23 letter was "No." You stated in your voicemail message that you should have used "accept" or "receive" rather than "acquire." You rephrased your original question to ask whether pac.com will accept or receive stock and then inform the candidate that the stock will be contributed by pac.com to the candidate. Our answer still is no.

Finally, you ask about our January 23 response, where we state that "pac.com intends to sell the securities on the open market or transfer shares that have a specific fixed price in the public market, subject to whether the recipients are interested in accepting contributions of securities." You ask whether "fixed price in the public market" means that the securities will be publicly traded and ask us to define what that phrase means. By public market, we mean publicly traded.

Having supplied you with these responses to your questions, we hereby request that your office give further consideration to pac.com's request for an advisory opinion.

Very truly yours,

A handwritten signature in black ink that reads "Ronald B. Turovsky".

Ronald B. Turovsky  
Manatt, Phelps & Phillips, LLP