

## **Parker, Bryan**

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**From:** Stokes, Tracey  
**Sent:** Wednesday, January 07, 2015 12:05 PM  
**To:** Parker, Bryan  
**Cc:** Clark, Sheldon  
**Subject:** RE: Possible change of control

Bryan,

I just wanted to follow-up on our earlier conversation. In light of your emails of yesterday, OGC revisited the situation involving one of our licensees, PQ Corporation. Specifically, PQ Corporation's grandparent company, PQ Holdings Inc., is undergoing share transactions, such that the some of the company's shares will be sold to a new entity. At first glance, this seems to potentially be an indirect transfer of control. Indirect because it doesn't involve the actual licensee and a transfer of control because the new shareholder would own the single largest group of shares, although not greater than 50% of the company. Upon second look, OGC considered that the grandparent company's, PQ Holdings Inc., legal identity will remain unaltered by the share transactions, and that it will continue as the legal corporate grandparent of PQ Corporations. Although prior to the transaction PQ Holdings Inc. arguably would have been considered a majorly own subsidiary of the Carlyle Group, which had a 52% interest via CPQ Holdings LLC, CPQ Holdings divestiture of all of its shares extinguishes the relationship to the Carlyle Group in favor of PQ Holdings Inc. Following the post transaction share allocation, PQ Holdings Inc. would not have any one owner with a more than a 50% share, and while PQ Holdings Inc. would become the ultimate parent for the licensee after the transaction, PQ Holdings Inc. was already an entity acknowledged by the NRC as having control over the license by virtue of the existing grandparent relationship between PQ Holdings Inc. and the licensee, which remains unchanged. So, on further review, it would appear that the corporate transaction described in PQ Corporations letter would probably not require NRC consent.

Please note that this is a close call. If the new entity had acquired a greater than 50% share, that new entity would have, in essence, become the new great-grandparent of our licensee replacing the Carlyle Group, and it would have most likely been a transfer of control, albeit indirect. Also, if PQ Holdings Inc.'s corporate identity had changed, such as with a merger and dissolution or other modification of its corporate identity, it would again have most likely been a transfer of control.

If you have any questions, please do not hesitate to let me know.

Thanks,  
Tracey

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**From:** Parker, Bryan  
**Sent:** Tuesday, January 06, 2015 3:19 PM

**To:** Stokes, Tracey  
**Subject:** RE: Possible change of control

Ok, thank you for the help.

Bryan

**From:** Stokes, Tracey  
**Sent:** Tuesday, January 06, 2015 1:25 PM  
**To:** Parker, Bryan  
**Cc:** Clark, Sheldon  
**Subject:** RE: Possible change of control

Bryan,

Sheldon and I spoke about this and he provided the response, i.e., that this look like is a transfer of control based on the limited information we have (it looks like there will be a new majority owner, hence a transfer of control) and that more information regarding the transaction is needed. The licensee should follow the guidance in NUREG-1556 and RIS-14-08. I'm not sure that there is more I can add to what Sheldon indicated. Once the staff completes its process, the NLO review would be conducted by OGC/RMR as Sheldon stated.

Tracey

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WILL BE DELAYED.

**From:** Parker, Bryan  
**Sent:** Tuesday, January 06, 2015 10:38 AM  
**To:** Stokes, Tracey  
**Cc:** Clark, Sheldon  
**Subject:** FW: Possible change of control

Hey Tracey,

Not sure if you've had a chance to look at this, but if not, could you look at it and give me your thoughts? The company is PQ Corporation and their submittal is in ADAMS under **ML14296A450**. The licensee is apparently holding their closing on this until NRC gives them a read on it, but I'm just unclear on whether this constitutes a change of control or not.

Thanks.  
Bryan

**From:** Clark, Sheldon  
**Sent:** Friday, December 05, 2014 2:27 PM

**To:** Parker, Bryan  
**Cc:** Stokes, Tracey  
**Subject:** RE: Possible change of control

Bryan,

I think you're right this could be a change of control, though it may depend on the nature of the transaction and the stock being exchanged. I suggest you follow up with the licensee to get more information.

Because this is a Part 30 licensee, any requests for OGC involvement wouldn't go to my division. Instead, they belong to OGC/RMR, where Tracey works.

Sheldon

**From:** Parker, Bryan  
**Sent:** Thursday, December 04, 2014 5:59 PM  
**To:** Clark, Sheldon  
**Cc:** Stokes, Tracey  
**Subject:** RE: Possible change of control

Thank you, Sheldon. I appreciate the help on this. I believe it is still a change of control even though the one entity is not a controlling entity, but I would like another opinion.

I look forward to hearing from you guys.

Bryan

**From:** Clark, Sheldon  
**Sent:** Thursday, December 04, 2014 5:33 PM  
**To:** Parker, Bryan  
**Cc:** Stokes, Tracey  
**Subject:** RE: Possible change of control

Hi Bryan,

I'm cc-ing Tracey Stokes on this because she's our change of control expert. I'll try to talk to her tomorrow and get back to you.

Sheldon

**From:** Parker, Bryan  
**Sent:** Thursday, December 04, 2014 10:25 AM  
**To:** Clark, Sheldon  
**Subject:** Possible change of control

Hey Sheldon,

A while back, you helped me with a change of control case and I have another one here that I am a little unsure on and was hoping you could shed some light. The company is PQ Corporation and their submittal is in ADAMS under **ML14296A450**.

They think that it is NOT a change of control since one of the current minority owners is changing control but have less than 50% of the ownership. If possible, could you take a look at this and let me know what you think. I would greatly appreciate it any advice you could provide.

**Thanks.  
Bryan**

***Bryan A. Parker***

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