

Applicant/Violator System Office System Advisory Memorandum



SAM # 10 DATE: January 23, 1998

Subject: COMPANY NAME CHANGES and MERGERS

This System Advisory Memorandum addresses corporate restructuring of coal companies, specifically company name changes and mergers, as they are configured in the Applicant/Violator System (AVS).

On October 18, 1993, AVS was changed to prohibit the overwrite of entity identification numbers on application and permit records. Since that time, for the purpose of AVS operation, all company name changes and mergers are required to be processed IN AVS through the permit transfer process that is built into the APPLICATION/PERMIT MAINTENANCE function. In other words, all permits held by a company that has been merged or whose name has changed, should be transferred in AVS to the new company.

After transferring the permits to the new company, use ENTITY OFT MAINTENANCE to enter ending dates for the owners and controllers of the old company. Then add the owners and controllers from the old company to the OFT of the new company, as appropriate. It is critical to effective AVS operation to create a link between the old company and the new company in order that accurate associations to violations, should there be any, are maintained. This link can be created by adding the new company entity as a shareholder (SH) in the OFT of the old company once ending dates have been entered for the owners and controllers. In addition, every entity record contains a "COMMENTS" field that can be used to note company name changes or merger activity for future reference. The AVS Office strongly recommends that notations be made in both the entity record for the new entity created from either a single company name change or a merger as well as in the entity records for the companies that cease to exist as a result of a merger.

For additional information on name changes and mergers, please refer to the general standards for creating new entities in section J of the AVS Users Guide.

In the past, some regulatory authorities processed name changes and mergers in AVS by overwriting an existing AVS entity. Unfortunately, this method erased application/permit information for the previous entity and resulted in the loss of the historic data on many permits and in AML reclamation fee collection data being compromised.

OSM must stress the importance of maintaining complete and accurate information in AVS. For the computer system to perform efficiently, information on all iterations of business entities, applications, permits, violations, and debt, must be maintained to ensure the accuracy of all data. AVS is designed to reflect the requirements of SMCRA and its implementing regulations. To that end, ownership or control information, applications and permits, and links to violations and debt in AVS must accurately depict the legal, financial, compliance, and related information required of the regulated community for permits and permit processing.

The purpose of this Memorandum is to establish uniform procedures for processing name changes and mergers in AVS; it is not a program change. This procedure does NOT replace, nor should it affect, established procedures in each approved State program. OSM does, however, interpret a merger to constitute a change of ownership or control which is subject to transfer, assignment, or sale of permit rights procedures as provided in the Federal rules at 30 CFR §§ 701.5 and 774.17.

Questions regarding company name changes and mergers should be directed to your AVS User Assistance Liaison at 1-800-643-9748.

Signed; _____

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