

Applicant/Violator System Office System Advisory Memorandum

SAM # 9 DATE: January 23, 1998



**Subject: ORGANIZATION FAMILY TREE MAINTENANCE: INTERSTATE
and INTRASTATE COMPANIES**

INTRODUCTION

This System Advisory Memorandum provides guidance and establishes procedures governing the maintenance of entity organizational family trees (OFT's)¹ for interstate and intrastate companies in the Applicant/Violator System (AVS). Centralized maintenance of all interstate company OFT's was established to eliminate multiple entries and conflicting data on OFT's resulting from entry and update of ownership or control information by each State in which a company is permitted.

AVS is a central repository for ownership and control information for coal companies, nation-wide. To make the best use of the repository and to eliminate conflicting data, OSM's AVS Office performs the maintenance of ownership or control information for companies permitted in more than one State. The concept for this maintenance procedure was introduced and approved at the April 18, 1991, meeting of the AVS Ad Hoc Committee.

While OSM has agreed to maintenance responsibilities for the ownership and control information of interstate companies, this maintenance procedure is strictly confined to AVS operation. It does not relieve coal companies from compliance with such State and Federal regulations that require reporting ownership or control information in permitting processes or changes in ownership or control to the regulatory authority (RA) with jurisdiction over their respective permits.

DEFINITIONS

1. Interstate Company: A business entity with surface coal mining permits in more than one State. Sometimes referred to as a multi-state company.

¹ The structure of ownership or control information for an entity in AVS that is not specific to an application/permit is referred to as the organizational family tree, or OFT.

2. In-state Company: A business entity with surface coal mining permits only in one State.
3. Company: For the purposes of this System Advisory Memorandum and AVS operation, "company" is defined as any business entity. Such entities include, but are not limited to, sole proprietorships, corporations, joint ventures, partnerships, and limited liability companies.

PROCEDURES

1. Interstate Companies.

- a. OSM's AVS Office, Data Management Team, shall perform the maintenance of ownership and control information on entity OFT's for all interstate companies in AVS. This includes adding new owners or controllers to the entity OFT, adding beginning or ending dates and updating or correcting existing associations, beginning or ending dates.
- b. In cases where a parent company is an interstate company, or where any subsidiary is an interstate company, the AVS Office shall be solely responsible for performing such entity OFT maintenance.

2. In-state Companies.

- a. Each RA shall maintain the ownership and control information for the entity OFT's of all in-state companies in its jurisdiction.
- b. For interstate companies that have in-state subsidiaries, the RA's shall maintain the ownership and control information in the entity OFT's of the in-state subsidiary companies in their States.

3. Interstate Companies with wholly-owned in-state subsidiaries.

- a. The AVS Office shall maintain the ownership and control information for the OFT's of the interstate parent, including their owners or controllers, and the ownership or control relationship of the parent to the in-state subsidiaries.
- b. The AVS Office shall update the ownership and control information in interstate OFT's with ending dates of entity associations as documentation is received.
- c. The RA's shall maintain the ownership and control information in entity

OFT's for intrastate subsidiaries. This includes owners that divest or sell their shareholder interest as well as controllers that resign or otherwise leave positions of control that are also identified as owners or controllers on the OFT of the interstate parent company.

RESPONSIBILITIES

1. The AVS Office shall:
 - a. establish a point of contact with a representative of each interstate company. An interstate company may provide documentation of changes in ownership or control directly to the AVS Office, Data Management Team. Alternatively, the interstate company may provide such information to the appropriate RA's who, in turn, shall forward it to the AVS Office. If an interstate company first provides updated ownership or control information to the AVS Office, the company must also provide such information on itself and all of its subsidiaries to the appropriate RA's;
 - b. ensure that proper documentation is provided to support reported changes to ownership or control and will not accept requests for changes with documentation that is less sufficient than what would be required by the RA;
 - c. update the entity OFT of the interstate company within 10 business days of receiving information that adequately documents a change in ownership or control;
 - d. upon receipt of ownership and control changes, update the ownership or control for the interstate parent company for all companies having wholly-owned interstate subsidiaries and notify the appropriate RA's;
 - e. consult with the RA's regarding their updates of the ownership and control information for intrastate subsidiary companies. There may be occasions when an RA may ask the AVS Office to assist in updating the entity OFT of a subsidiary company, especially if there are changes that cannot be made by the RA. For example, only the AVS Office can correct an entity name or a description of association of one entity to another;
 - f. ensure the source code for OFT changes made by the AVS Office, Data Management Team, will be identified by the user identification number of the staff performing the updates; and
 - g. ensure that after each session of updating interstate company ownership or control information, the interstate entity OFT is locked. This

feature limits the possibility of duplicated or conflicting data being entered and ensures documentation of ownership and control is maintained in one location.

2. Regulatory Authorities shall:

- a. maintain and update the ownership or control information for intrastate companies in accordance with the procedures established by their respective approved State program regulations, the Memorandum of Understanding executed between each RA and OSM regarding AVS operation, and the AVS Users Guide; and
- b. forward all ownership or control information received for an interstate parent company and its interstate subsidiaries to the AVS Office for entity OFT maintenance. Please forward interstate updates to:

Office of Surface Mining
Applicant/Violator System Office
Data Management Team
2679 Regency Road
Lexington, Kentucky 40503

Questions regarding the procedures to maintain interstate and intrastate ownership and control information should be directed to your AVS User Assistance Liaison at 1-800-643-9748.

Signed; _____

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