Nabisco dry-mix desserts and baking powder businesses to The Jel Sert Company and the intense mints business, together with related Ice Breakers gum and Breath Savers mint businesses, to Hershey Foods Corporation.

Philip Morris and Nabisco will be required to complete the required divestitures within ten (10) business days from the date they consummate their proposed acquisition. In the event Philip Morris and Nabisco do not complete the required divestitures in the time allowed, procedures for the appointment of a trustee to sell the assets have been agreed to and will be triggered. The Proposed Consent Order empowers the trustee to sell such additional ancillary assets as may be necessary to assure the marketability, viability, and competitiveness of the businesses that are required to be divested.

Accompanying the Proposed Consent Order is an Order to Maintain Assets. This order requires Philip Morris and Nabisco to preserve and maintain the competitive viability of all of the assets required to be divested in order to insure that the competitive value of these assets will be maintained after the merger but before the assets are actually divested.

VI. Opportunity for Public Comment

This Proposed Consent Order has been placed on the public record for thirty (30) days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After the thirty (30) days, the Commission will again review the Proposed Consent Order and the comments received, and will decide whether it should withdraw from the agreement or make final the Consent Order in the agreement.

By accepting the Proposed Consent Order subject to final approval, the Commission anticipates that the competitive problems alleged in the Draft Complaint will be resolved. The purpose of this analysis is to invite and facilitate public comment concerning the Proposed Consent order. It is not intended to constitute an official interpretation of the Proposed Consent Order, nor is it intended to modify the terms of the orders in any way.

By direction of the Commission.

Donald S. Clark,

Secretary.

[FR Doc. 00–33197 Filed 12–27–00; 8:45 am]

BILLING CODE 6750–01–M

FEDERAL TRADE COMMISSION

[File No. 001–0197]

The Valspar Corporation; Analysis to Aid Public Comment

AGENCY: Federal Trade Commission.

ACTION: Proposed consent agreement.

SUMMARY: The consent agreement in this matter settles alleged violations of federal law prohibiting unfair or deceptive acts or practices or unfair methods of competition. The attached Analysis to Aid Public Comment describes both the allegations in the draft complaint that accompanies the consent agreement and the terms of the consent order—embodied in the consent agreement—that would settle these allegations.

DATES: Comments must be received on or before January 18, 2001.

ADDRESSES: Comments should be directed to: FTC/Office of the Secretary, Room H–159, 600 Pennsylvania Avenue, NW., Washington, DC 20580.

FOR FURTHER INFORMATION CONTACT: Christina R. Perez, FTC/H–374, 600 Pennsylvania Avenue, NW., Washington, DC 20580. (202) 326–2048.

SUPPLEMENTARY INFORMATION: Pursuant to section 6(f) of the Federal Trade Commission Act, 38 Stat. 721, 15 U.S.C. 46, and section 2.34 of the Commission's Rules of Practice (16 CFR 2.34), notice is hereby given that the above-captioned consent agreement containing a consent order to cease and desist, having been filed with and accepted, subject to final approval, by the Commission, has been placed on the public record for a period of thirty (30) days. The following Analysis to Aid Public Comment describes the terms of the consent agreement, and the allegations in the complaint. An electronic copy of the full text of the consent agreement package can be obtained from the FTC Home Page (for December 19, 2000), on the World Wide Web, at ''http://www.ftc.gov/os/2000/12/index.htm.'' A paper copy can be obtained from the FTC Public Reference Room, Room H–130, 600 Pennsylvania Avenue, NW., Washington, DC 20580, either in person or by calling (202) 326–3627.

Public comment is invited. Comments should be directed to: FTC/Office of the Secretary, Room H–159, 600 Pennsylvania Avenue, NW., Washington, DC 20580. Two paper copies of each comment should be filed, and should be accompanied, if possible, by a 3½ inch diskette containing an electronic copy of the comment. Such comments or views will be considered by the Commission and will be available for inspection and copying at its principal office in accordance with section 4.9(b)(6)(ii) of the Commission's Rules of Practice (16 CFR 4.9(b)(6)(ii)).

Analysis of Agreement Containing Consent Order To Aid Public Comment

The Federal Trade Commission (''Commission'') has accepted, subject to final approval, an Agreement Containing Consent Order (''Consent Agreement'') from Valspar Corporation (''Valspar''), which is designed to remedy the anticompetitive effects resulting from Valspar's acquisition of Lilly Industries, Inc. (''Lilly''). Under the terms of the agreement, within ten days of the date the Consent Agreement is placed on the public record, Valspar will be required to divest its mirror coatings business, which is comprised of silver, tin and copper solutions, mirror backing paint, and any other coating researched, developed, manufactured or sold by Valspar that is used in the production of a mirror, to Spraylat Corporation. Should Valspar fail to do so, the Commission may appoint a trustee to divest the mirror coatings business.

The proposed Consent Agreement has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the proposed Consent Agreement and the comments received, and will decide whether it should withdraw from the proposed Consent Agreement or make final the Decision & Order.

Pursuant to an Asset Purchase Agreement dated June 23, 2000, Valspar has agreed to acquire Lilly for approximately $762 million. The Commission's Complaint alleges that the acquisition, if consummated, would violate section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, in the markets for silver solutions, tin solutions, copper solutions and mirror backing paint.

Valspar and Lilly are the two leading suppliers of silver, tin and copper solutions (''mirror solutions'') in the United States and two of three suppliers of mirror backing paint in the United States. Five basic inputs are needed to make a mirror: glass, a tin solution, a silver solution, a copper solution, and mirror backing paint. Most mirrors are made by placing clean pieces of glass flat on a conveyor belt, which moves the glass through the various stations where the solutions and paint are applied to the back of each piece of glass. The first layer applied to the glass is a tin solution, which is an adhesion promoter so that the silver will bond to the glass. After the tin solution, a silver solution is applied, which creates a metal film on the glass surface, giving the mirror its reflective surface. The third step is to apply a copper solution, which helps keep the silver from oxidizing and creates a surface to which the mirror backing paint will adhere. Finally, the mirror backing paint is applied. This adds a hard coating that protects the solutions from becoming scratched or damaged and further protects the silver solution from corrosion.

Both Lilly and Valspar produce all of the components, other than glass, necessary to make a mirror. The United States mirror solutions and mirror backing paint markets are highly concentrated, and the proposed acquisition would produce a firm controlling over 90% of the mirror solutions markets and over 60% of the mirror backing paint market. Both companies have frequently competed against each other for customers. By eliminating competition between the two most significant competitors in these highly concentrated markets, the proposed acquisition would allow the combined firm to exercise market power unilaterally, thereby increasing the likelihood that purchasers of mirror solutions as well as mirror backing paint would be forced to pay higher prices and that innovation and service levels in these markets would decrease.

Significant impediments to new entry exist in the mirror solutions and mirror backing paint markets. A new entrant into any of these markets would need to undertake the difficult, expensive and time-consuming process of developing a competitive product, establishing reliable U.S. distribution and technical support, and developing a reputation among mirror manufacturers for consistently producing a high-quality product. Because of the difficulty of accomplishing these tasks, new entry into either the mirror solutions markets or the mirror backing paint market could not be accomplished in a timely manner. Additionally, new entry into any one of these markets is made more unlikely because of the limited sales opportunities available to new entrants.

The Consent Agreement effectively remedies the acquisition's anticompetitive effects in the United States mirror solutions and mirror backing paint markets by requiring Valspar to divest its mirror coatings business. Pursuant to the Consent Agreement, Valspar is required to divest its mirror coatings business to Spraylat Corporation within ten days of the date the Commission places the Order on the public record. Should Valspar fail to do so, the Commission may appoint a trustee to divest the business.

The Commission's goal in evaluating possible purchasers of divested assets is to maintain the competitive environment that existed prior to the acquisition. A proposed buyer of divested assets must not itself present competitive problems. The Commission is satisfied that Spraylat is a well-qualified acquirer of the divested assets. Based in Mount Vernon, New York, Spraylat is a family owned company that manufactures and sells specialty paints and coatings for industrial uses. Spraylat possesses the necessary industry expertise to replace the competition that existed prior to the proposed acquisition. Furthermore, Spraylat poses no separate competitive issues as the acquirer of the divested assets.

The Consent Agreement includes a number of provisions that are designed to ensure that the transfer of Valspar's mirror coatings business to the acquirer is successful. The Consent Agreement requires Valspar to provide incentives to certain key employees to accept employment, and remain employed, by the acquirer. Valspar is also prohibited from inducing key customers from terminating their contracts with the acquirer for a period of one year. Finally, Valspar employees involved with its mirror coating business are prohibited from disclosing any confidential information to employees involved with the Lilly business.

In order to ensure that the Commission remains informed about the status of the Valspar mirror coatings business pending divestiture, and about efforts being made to accomplish the divestiture, the Consent Agreement requires Valspar to report to the Commission within 30 days, and every thirty days thereafter until the divestiture is accomplished. In addition, Valspar is required to report to the Commission every 60 days regarding its obligations to provide transitional services and facilities management.

The purpose of this analysis is to facilitate public comment on the Consent Agreement, and it is not intended to constitute an official interpretation of the Consent Agreement or to modify in any way its terms.

By direction of the Commission.

Donald S. Clark,

Secretary.

[FR Doc. 00–33028 Filed 12–27–00; 8:45 am]

BILLING CODE 6750–01–M

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Office for Civil Rights; Statement of Delegation of Authority

Notice is hereby given that I have delegated to the Director, Office for Civil Rights (OCR), with authority to redelegate, the following authorities vested in the Secretary of Health and Human Services:

1. The authority under section 262 of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Public Law 104–191, as amended, to the extent that these actions pertain to the Standards for the Privacy of Individually Identifiable Health Information, to:

A. impose civil monetary penalties, under section 1176 of the Social Security Act, for a covered entity's failure to comply with certain requirements and standards;

B. make exception determinations, under section 1178(a)(2)(A) of the Social Security Act, concerning when provisions of State laws that are contrary to the federal standards are not preempted by the federal provisions; and

2. The authority under section 264 of HIPAA, as amended, to administer the regulations, ''Standards for the Privacy of Individually Identifiable Health Information,'' 45 CFR Part 164, and General Administrative Requirements, 45 CFR Part 160, as these requirements pertain to Part 164, and to make decisions regarding the interpretation, implementation and enforcement of these Standards and General Administrative Requirements.

I hereby affirm and ratify any actions taken by the Director of OCR, or any subordinates, involving the exercise of the authorities delegated herein prior to the effective date of this delegation. This Delegation of Authority is effective concurrent with the effective date of the regulations, 45 CFR Parts 160 through 164.

Dated: December 20, 2000.

Donna E. Shalala,

Secretary.

[FR Doc. 00–33039 Filed 12–27–00; 8:45 am]

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