

(NC)

May 1, 1984

NOTIFICATION  
OFFICE  
MAY 2 12 09 PM '84

Wayne Kaplan  
Federal Trade Commission  
Room 301  
7th & Pennsylvania Aves. NW  
Washington, D.C. 20580

RE: Pre-Merger Notification

Dear Mr. Kaplan:

I am writing to outline the substance of our recent conversation regarding the following proposed transaction. My client is Corporation A. A is a non-stock, non-profit membership corporation organized under Chapter 181, Stats, and has no subsidiary. A operates a non-profit hospital. The sole members of A are [redacted] named to serve that function by the General Council of their religious order, "Order X". Since Order X is not actively involved in hospital work, these [redacted] have decided that the hospital would be better served if it were to be sponsored by another religious order. Therefore, they have approached another [redacted] "Order Y", which operates several hospitals.

Each of Order Y's hospitals is organized as a separate non-profit, non-stock membership corporation (B-K). The sole member of each of these hospital corporations is a non-profit, non-stock membership holding company, Corporation L. Corporation L is in turn controlled by its sole member, Corporation M. M's Board of Directors consists of [redacted] from Order Y. This structure is reflected in the attached chart.

Key financial information on these entities (from the last audited financial statements) is as follows:

Corporation A	Assets -----	\$ 19,500,000
	Sales (patient revenues) -----	\$ 18,700,000
	Current Liabilities -----	\$ 2,400,000
	Outstanding Bonds -----	\$ 10,000,000
	Capitalized Lease -----	\$ 300,000
	Fund Balance -----	\$ 6,900,000
Corporation M	(Including B-K and L) -----	\$ 250,000,000

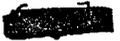
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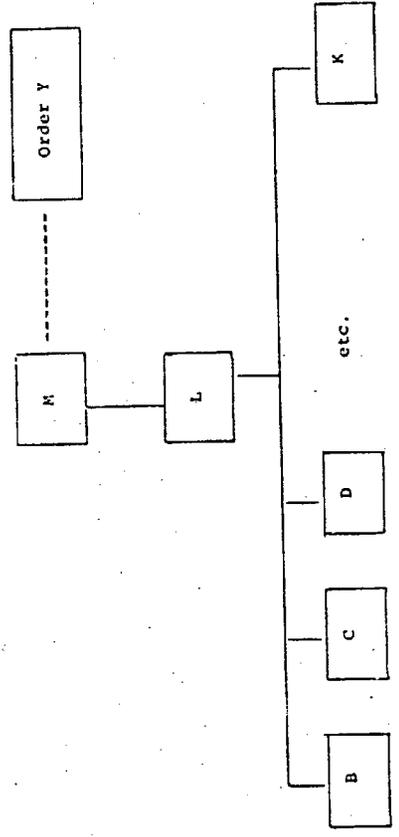
For purposes of our discussion, you and I assumed that Corporation M, the "ultimate parent entity", would be viewed as the acquiring person. We also assumed that M was engaged in commerce, so that the test of 15 U.C §18a(a)(1) was met. Since the assets of A exceed \$10,000,000 and the assets of M (and its subsidiaries) exceed \$100,000,000, the test of 15 USC §18a(a)(2)(B) was met.

You advised me that you would view the proposed transaction as a voting securities acquisition. Accordingly, after the acquisition, M would be regarded as "holding" 15% or more of the voting securities (in fact, 100% control) of A, but would not be regarded as holding an aggregate total amount of the voting securities and assets of A in excess of \$15,000,000. This conclusion seems reasonable particularly since the net worth of A is no more than \$6,900,000. Thus the test of 15 USC §18a(a)(3)(A) was met but the test of §18a(a)(3)(B) was not met. Therefore, it was your conclusion that this acquisition was exempt from the HSR filing requirements under 16 CFR §802.20(b) since, after the acquisition, M would not hold voting securities conferring control of an entity whose annual net sales or assets exceed \$25,000,000.

It is my plan to rely on your advice and proceed with the consummation of this transaction, unless you advise me before May 9, 1984 that your views have changed. Thank you for your prompt consideration of this matter.

Very truly yours,  
  
  


  
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A will end up being in the same position as B through K

5/1/84

[redacted]  
Mutual Fund related  
problem

[redacted]  
Restructuring would accelerate  
fiscal year of money market  
fund

2/30

or May 31

need Audited statement w/m  
60 days of close of period

∴ must issue  
financial statements  
of June or July.

Td now fund has been below  
size of person -

- will be of size in June or July.  
∴ will have to file as  
acquired.

not very many -

Fund inter - need justice or  
concerns inter  
or rules change.

[redacted] will be on record - 18<sup>th</sup> 70  
4<sup>th</sup> of May - so not some  
initial response by 18<sup>th</sup>.