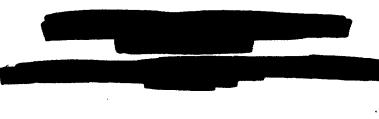
801.1(a)(2); 801.1(b), 111(c)(1)



December 2, 1991

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Richard Smith, Esq.
Thomas Hancock, Esq
Pre-Merger Notification Office, H-303
Federal Trade Commission
Washington, D.C. 20580

Re:

Dear Mr. Smith and Mr. Hancock:

The purpose of this letter is to request an informal determination in connection with the filing of a pre-merger notification under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "Act"). The need for a filing arises because nonprofit public benefit corporation (the "Foundation"), is acquiring , a health-care provider (the organization consisting of rive related entities. It is our view that the is a single person for purposes of the Act, and can properly make a single filing on behalf of its constituent The corollary would be that Foundation, and the "acquiring person of which it is a part," is also obligated to make only one filing.

Background

The is a system of commonly-owned health care provider entities, each of which is owned by individual physicians (the "Partners"). The operates and nolds itself out as an integrated organization under the name.

The operates a general acute care hospital known as (the , and its associated medical clinics. The list a bed proprietary hospital located in list operates a number of medical clinics, also located in which provide outpatient medical and

ancillary services (the constituent entities that are being acquired and are contemplating filing under the Act.

The Medical Group. The dis staffed by the members of the members of the medical partnership consisting of the approximately physician employees. Members of the also operate and staff the the members of the and community-based physicians under contract to the permitted to admit patients to its facilities. The revenues are therefore derived exclusively from services provided to patients of the

The Hospital Corporation. The is owned and operated by . Under the bylaws of the . Under the bylaws of the and of . and must hold their interests in these entities in the same proportion. The operates the . through a separate corporation in order to insulate the members of the . from liability for the . pperations, and to avoid the heed to obtain

In addition to the entities described below, the includes two real estate partnerships, Building Company I and Building Company II, which own the real property in which the Clinics are operated. All the partners of the are also partners of these partnerships, and they share common management with the and the These partnerships are selling their real property to the in the same transaction, but they are not filing as acquired persons, because the acquisition of their assets falls within the exemption for the acquisition of realty in the ordinary course of business under 16 CFR § 802.1. Moreover, with respect to Building Company II, the sale does not meet the size of the transaction threshold under 16 CFR § 802.20.

accreditation of the many as hospital facilities.² The many and the many as however, share common governance and management, as described below.

partnership which owns the real estate and improvements in which the some is operated, and leases them to the are the same persons who are the Partners of the and shareholders of the The income or a sisterived solely from lease payments received from the the income of which is in turn derived only from services provided to patients admitted to the by the

Under the proposed transaction, the lill sell or donate all of their assets to the which will operate them as a nonprofit hospital and associated outpatient clinics.

Common Ownership and Management

Through their interlocking partnership interests and stock, the Partners are the common owners of the The Partners own identical fractional interests in the three entities. This common ownership is reflected in the governance and management of the three entities, which is completely integrated.

The Partners have elected a group of persons from their members, which acts as the Executive Committee of the and of and as the Board of Directors or the committee of the control of the

The is accredited by the Joint Commission on which inspects and accredits hospital facilities. The are accredited by the which accredits ambulatory care facilities.

³ The Partners hold their partnership interests and stock as individuals, so there is no single owner of the three entities.

Officer of all three organizations, and the other senior executive officers (titled "Executive Directors") function as the executive management for all three organizations.

Below the level of executive management, the and the employ separate staff to perform dedicated functions, but they share common office and other facilities, and use the same staff to perform common services. has no employees - all of its business is performed by employees of the or the

Single Financial Interest

The is an integrated financial system. Its revenues are derived from services provided to persons who are patients of the transport and, if hospitalization is required, the These revenues are, in turn, the source of rental payments made by the to Iding companies I and and by the to Iding companies I and II. All the constituent entitles share a Chief Financial Officer, and their financial statements are presented on a consolidated basis.

Conclusion

If the Partners combined into an organization having a discrete legal existence for the purpose of holding their interests in the the the and there would be no question but that they would constitute a single "ultimate parent entity" for purposes of the anticipated filing. The fact that they hold those interests as individuals is a technical matter, made the more so by the identicality of the organizations from a governance, management and accounting point of view. For all practical purposes, the is a single organization, and we hope that you will agree that, in these unique circumstances, the substance of the organization should take precedence over the technicalities of its legal structure.

As a matter of historical accident, one Executive Director is employed by the but there are no inter-entity payments or allocations for the cost of the Executive Directors' services.

We look forward to your thoughts, and thank you very much for your assistance. We understand that you will not provide a written response. Please feel free to call me at

Very truly yours,



and I want the min that even though The had the same equity and itent holders, no one contrible them under a the HSR while and each once there it on UPE. As such each once on acquired person and if any test one and there was find In and the last find In another to achieve the transactions that I want the last find I have the transactions that I want the proof of the reportable of series tests met of welly is a doctor. If we reportable of series tests met of welly is a doctor. I five boulding it would be executed as really as long as it bid not to be afternoon. There were five as a stall shown of laboratories, in it would be greatly to the mill determine the specific growthy held by Building Company II.