
From: Walsh, Kathryn E. [mailto:kwash@ftc.gov]

Sent: Friday, February 19, 2016 11:17 AM

To: [REDACTED]

Subject: RE: Natural Person

801.11 spends a lot of time speaking to assets, but says very little on sales. It only requires that a UPE with a regularly prepared statement of income makes sure that all entities included within it have their sales reflected in a non-duplicative manner. It also does not require the preparation of a pro forma statement of income if one does not exist. This is how we read it:

If a natural person has an annual statement of income (pretty rare) and does not control any other entities - end of analysis. Whatever is on the income statement rules. So, if the income statement lists investment income, that counts towards SOP.

If a natural person has a regularly prepared annual statement of income and controls entities whose sales are not reflected on it (or are understated because the natural person is not the sole owner), those sales on the statement of income for the controlled entity must be added (and the incorrect annual income for HSR purposes deleted). And any investment income from the natural person's income statement would also count towards SOP.

If a natural person does not have a regularly prepared annual statement of income and does not control any other entities that do, only assets are looked to for SOP. There is no requirement to prepare a pro forma income statement under 801.11.

If a natural person does not have an annual statement of income, but controls entities that do, the NP inherits the annual sales from the statements of those entities, but is not required to prepare a pro forma statement reflecting its own income or that of controlled entities that do not have statements.

Kate

From: [REDACTED]

Sent: Wednesday, February 17, 2016 5:49 PM

To: Walsh, Kathryn E.

Subject: Natural Person

How do you calculate income for a natural person?