

ATTORNEY AT LAW

7A(c)(4)

February 7, 2000

Washington, D.C. 20580

Dear Ms. Villavicencio:

I have spoken several times with you in the past two weeks regarding a possible exemption from the Hart-Scott-Rodino Act. The proposed transaction involves two parties who intend to consolidate their respective assets.

DEPT. OF JUSTICE  
FEDERAL TRADE COMMISSION  
GENERAL INVESTIGATIVE DIVISION  
OFFICE

In any event, we would appreciate your reviewing the attached document.

Following numbers:

[Redacted]

Please do not

Very truly yours,

[Redacted Signature]

Enclosure

[Redacted]

HART-SCOTT RODINO HYPOTHETICAL

Fact Pattern

Municipal Corporation "A"

"A" operates a hospital facility and certain other medical offices and clinic facilities.

"A" is a "health district" created by state statute. The relevant state statute provides that health districts may be incorporated as municipal corporations for the purpose of supplying their inhabitants with facilities for the care of sick and injured persons. "A" is incorporated under state law as a municipal corporation.

The power and authority given to "A" by state statute is vested in a board of directors, each of whom is elected by members of the public who reside within the district. The election process is governed by state law.

As provided by state statute, "A" has the power and authority to assess taxes.

The income derived by "A" is used to maintain the hospital facility. The income must be deposited in a financial institution or may be invested in accordance with state statutes governing the administration of municipal finances. No profits are distributed to any private individual or entity. All of the books and financial records of "A" are open to inspection as public records under the state's public records statute.

Because state law does not provide a mechanism for effecting a direct merger between a municipal corporation and a nonprofit corporation, a new nonprofit corporation "N" would be formed. "N" would have two members: "A" and a second new nonprofit corporation "N2" that would be managed by a board of directors.

1. "A" would transfer its operating assets to "N."

same two members: "A" and "N2."

of directors, and "A" would continue to be vested in a publicly elected board in all other respects.

Questions

1. Is "A" a political subdivision of a state under 15 USC § 18a(c)(4)?

Act under 15 USC § 18a(c)(4)?

*Walter. Agree. No filing, exempt  
(c)(4). Amv*