

Victor Cohen, Esq.
Premerger Notification Office
Federal Trade Commission, Room 303
Sixth Street and Pennsylvania Ave. N.W.
Washington, D.C. 20580

Dear Mr. Cohen:

**VIA FEDERAL EXPRESS** 

This letter serves to confirm our telephone conversation of April 22, 1991. During that conversation, you, and I discussed the potential reportability

In 1986, nonprofit corporation A and nonprofit corporation B decided to combine their operations. The manner in which they proposed to do so was by establishing a for-profit management company. C. the voting securities of which would be owned equally by A and B. The directors of C were to be the voting "members" of A and B, with the authority to elect the directors of A and B.

On December 18, 1986, A and B filed their respective Notification and Report Forms under the Act with respect to the above-described transaction. Action on informal guidance from the Branch of A and B filed both as an acquiring and as an acquired person, and they characterized the transaction as a consolidation within the meaning of 16 C.F.R. § 801.2. On December 30, 1986, early termination of the statutory waiting period was granted.

In early 1987, C was incorporated and the combination of A and B was effected. To satisfy state regulatory concerns, the mechanism of the consolidation was altered slightly. While each of A and B owns 50% of C's voting securities, C's control over A and B is effected through common

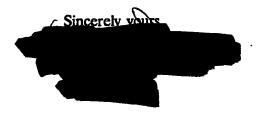


Victor Cohen, Esq. April 23, 1991 Page 2

	directors. The bylaws of A and B provide that all directors of C, plus C's
1	
) c-	
	merger of B into A.
à	Based inon the foregoing facts and our discussion with you shout them it is
	A
	In late 1987, C acquired control of nonprofit corporation D by gaining the right to choose the "members" of D who elect D's directors. C's board of directors exercised this right by appointing themselves as the members of D, and in their capacity as the members of D, they then elected themselves as the directors of D.
· •	qualified by 16 C.F.R. § 802.20.
	C now wishes to effect the merger of D into A.
	to the ownership of their respective "voting securities." As a consequence, the merger of D into A would constitute an intraperson transaction under 16 C.F.R. § 802.30.  If this letter does not correctly reflect our conversation or mischaracterizes the views of the Premerger Office, please contact me as soon as possible. Unless I hear from

Victor Cohen, Esq.

you to the contrary, I will continue to advise C and its affiliates in accordance with the analysis set forth above. Thank you for your consideration.





H