

Hospital acquisition
Size of transaction

April 26, 1996

HAND DELIVER

John M. Sipple, Esquire
Assistant Director
Bureau of Competition
Federal Trade Commission
Room 388
Sixth Street & Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Hart-Scott-Rodino Reportability of [REDACTED] Transaction

Dear John:

We represent an approximately [REDACTED]
A") that wishes to acquire a much smaller [REDACTED]
R") We do not believe that the transaction is reportable under

would like to confirm this assessment with your office.

[REDACTED] with assets of over
\$200,000,000. It wishes to acquire [REDACTED] B, a much smaller
[REDACTED] in severe financial difficulty. Although [REDACTED] B has
slightly more than [REDACTED] for some time there have
been fewer than 20 [REDACTED] in the [REDACTED] each day -- and this
number is declining. Although the transaction is an acquisition
of the smaller [REDACTED] by the larger, due to community relations
issues, it will be carried out by the creation of a new parent
company that will become the sole corporate member of both
[REDACTED] No cash will change hands, but the new parent will be
responsible for the liabilities of [REDACTED] B, which are
approximately \$4,000,000 at formation. [REDACTED] A will be the
controlling entity of the new parent, holding 12 of 18 Board

Because [REDACTED] will appoint the majority of the Board of the

[REDACTED]

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In connection with the "sale" of its assets [REDACTED] B commissioned an appraisal, on a going business basis, of its fair market value, which resulted in a valuation of slightly over \$5,000,000. The fair market value of all of its assets is approximately \$8,000,000. Thus, the proposed transaction, viewed as an acquisition of [REDACTED] B by [REDACTED] does not meet the size-of-transaction test.

~~The parties believe that, given these facts, the transaction~~

[REDACTED]

control the Board of Directors at the time of acquisition & with the power to appoint 13 of 18 of the directors upon formation. As such, the acquisition is exempt because it does not meet the size of transaction test.

JMP

[REDACTED]