

801-10 (LLC formation)

November 26, 1996

Via Facsimile
Richard B. Smith
Regulatory Notification Office

Dear Dick:

I am writing to you to confirm your conclusions regarding the

Specifically, I explained that two universities are forming a

universities but who may not be salaried employees of either university, (6) the chief executive officer of the LLC, and (7) possibly representatives of hospitals affiliated with the universities. The hospitals would not be voting members of the board.

You stated that the FTC would treat the LLC as a partnership

deem the physicians on the board to be quasi-employees of the universities and therefore not third parties. Second, although hospital representatives might be added later and would be deemed to be third parties.

so long as the hospital representatives would be non-voting members of the board. Because the LLC I described in my hypothetical would be deemed a partnership for HSR purposes, its formation is not a reportable event under the HSR Act.

[Redacted signature block]

V

[Redacted]

Letter to Richard B. Smith
November 26, 1996
Page 2

If this letter does not accurately reflect your analysis of the hypothetical I posed to you, please call me by December 2, 1996. Once again

[Redacted]

12/11/96 - Confirmed with writer that LLC would be controlled by both universities. The chief executive officer of the LLC will be [Redacted] an employee of both universities. Representatives of hospitals affiliated with (but not controlled by) the two universities would not be viewed as "outsiders" but, since they have no voting power, would not be viewed as holding roles comparable to a "director" of a corporation. The "quasi-employee" test is one which the PMU office has used previously for [Redacted] at [Redacted] but who do not receive [Redacted] it seems.

director & employees of the [Redacted] & [Redacted] [Signature]

[Redacted]