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This material may be subject to the confidentiality provision of section 7A (h) of the Clayton Act which restricts release under the Freedom of Information Act

January 14, 1992

Dear Ms. O'Vuka

Pursuant to our conversation yesterday, enclosed please find a copy of the audited 1990 balance sheet (including the relevant portion of the footnotes) and a preliminary draft of the 1991 balance sheet (for which draft footnotes are not yet available) for the proposed acquired company.

In the 1990 balance sheet, you will see that the sum of the "Cash and temporary investments, restricted" and the restricted amount set forth in "Accounts receivable, including \$616,821 restricted in 1990 for premiums payable", is \$13,662,369 and the corresponding liability, "Premiums payable to insurance companies", is the same amount. Note 4 to the 1990 financial statements explains that the restricted temporary investments are maintained in fiduciary accounts. The matched book is even clearer in the 1991 balance sheet. As you can see, at December 31, 1991, the "Cash and temporary investments, restricted" is \$11,947,644, and the corresponding liability, "Premiums payable to insurance companies", is also \$11,947,644.

I thought it might be helpful to set forth an excerpt from the agreement between the insurance company and the proposed acquired company which describes the mechanism

BALANCE SHEETS

AS OF DECEMBER 31, 1990 AND 1989

ASSETS

	<u>1990</u>	<u>1989</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,952,136	\$1,397,963
Cash and temporary investments, restricted	13,045,548	5,414,979
Insurance claim receivable (Note 3)	4,954,188	-
Accounts receivable, including \$616,821 restricted in 1990 for premiums payable	636,884	419,484
Prepaid insurance premium (Note 3)	1,044,399	-
Due from related parties	683,918	268,463
Other current assets	166,209	61,487
Total current assets	<u>22,483,282</u>	<u>7,562,376</u>
FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS	839,272	811,174
Less- Accumulated depreciation and amortization	(478,589)	(387,829)
	<u>360,683</u>	<u>423,345</u>
OTHER ASSETS	16,796	26,425
Total assets	<u>\$22,860,761</u>	<u>\$8,012,146</u>

The accompanying notes are an integral part of these balance sheets.

