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January 5, 1993

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FEDERAL TRADE
COMMISSION
PRE-MERGER NOTIFICATION

Federal Trade Commission
Pre-Merger Office
Bureau of Competition
Sixth & Pennsylvania Avenue
Room 301, Northwest
Washington, D.C. 20580

Attention: Ms. Nancy Ovuka

Re: Exemption of California District
Hospitals from the Hart-Scott-Rodino
Pre-Merger Notification Requirements

Dear Ms. Ovuka:

Our client, [REDACTED], a body politic subdivision of the State of California (the "District"), is contemplating entering into a [REDACTED] acquisition transaction which would require pre-merger notification under 15 U.S.C. § 18(a) if the asset requirements of Section 18a(a)2(B) were met (i.e., this computation has not yet been completed).

However, it is our opinion that the District is exempt from the notification requirements under 15 U.S.C. § 18a(c)4 which provides that:

"(c) Exempt Transactions.

The following classes of transactions are exempt from the requirements of this section -

(4) transfers to ... a State or political subdivision thereof".

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The recent case of Lancaster Community Hospital v. Antelope Valley Hospital District, 940 F.2d 397 (9th Cir. 1991) held that a California district hospital was not shielded by state action immunity or by the local Government Antitrust Act in an antitrust action. A copy of that opinion is enclosed, together with a copy of California's Local Hospital District Law, California Health and Safety Code §§ 32000 et seq.

In light of the Ninth Circuit's opinion, the District is not exempt from Hart-Scott-Rodino pre-merger notification under 15 U.S.C. § 18a(c)5 which exempts "transactions specifically exempted from the antitrust laws by federal statute." However, our client, although not exempt from the application of the antitrust laws, would appear to be exempt from the pre-merger notification requirements of 15 U.S.C. § 18(a) as a political subdivision of the State of California. Please confirm in writing if you concur with our opinion on this matter.

Very truly yours,

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Enclosures
cc: [REDACTED]