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April 2, 1998

VIA FEDERAL EXPRESS

Richard Smith, Esquire Senior Staff Attorney Premerger Notification Office Burcau of Competition Federal Trade Commission Room 301 Washington, DC 20580

Re:

Premerger Notification Under Section 7A of the Clayton Act - Interpretation of "Size of Person" Test

Dear Mr. Smith:

This firm is counsel to an acquiring person pursuing the acquisition of all of the issued and outstanding capital stock of an acquired person. We are currently analyzing whether premerger notification is required under Section 7A of the Clayton Act. The acquiring person has total assets in excess of \$100 million.

In our telephone conversation, I posed the question whether assets reflected on the balance sheet of the acquired person but held temporarily in a fiduciary capacity may be excluded for purposes of the "size of person" test. Specifically, the acquired person in this instance is an insurance agency which bills its customers for insurance premiums and temporarily holds payments before aggregating and transmitting payments to insurers. The balance sheet of the acquiree lists premium payments from customers as "cash - restricted", or "investments - restricted", and the acquired person books accounts receivable for premiums to be received from insureds for subsequent payment to insurers as "accounts receivable - premiums."

According to regulations promulgated by the FTC, total assets are determined from the last regularly prepared balance sheet.16 C.F.R. §801.11(c). But where the balance sheet entries identify these assets as restricted or otherwise held in a fiduciary capacity, you contemplated that these items may be properly excluded from the acquired person's balance sheet for the "size of person" test.

Document No.

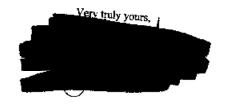


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At your suggestion, I have enclosed a copy of the acquired person's balance sheet as at December 31, 1997 with the name of the company redacted. Kindly confirm to us in writing that such "trust fund" assets may be excluded from the acquired person's balance sheet for the "size of person" test.

I will be out of the office the week of April 6th and returning April 13, 1998. Should you have any questions, please feel free to call me, or if it is during my pariner, prompt attention to this matter.

3. Thank you for your



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CONSOLIDATED BALANCE SHEETS June 30, 1997 AND 1996

	1997	1996
ASSETS This material may be subject to	the	
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CURRENT ASSETS: 7A[h] of The Claylon Act which re- release under The Freedom of Infor	तः भी देश	
Lash - operating Act.	3 2,113,840	\$ 1,060,176
Cash - restricted	8,078,899	5,722,246
Investments - restricted	10,094,424	12,425,784
Accounts receivable - insurance premiums	12,094,262	12,256,327
Deferred income taxes	170,953	171,204
Prepaid expenses and other current assets	1,321,019	952,065
Total Current Assets	33,873,403	32,587,802
PROPERTY AND EQUIPMENT - NET	503,436	670,557
OTHER ASSETS:		
Deferred income taxes	185,231 .	141,186
Leveraged employee stock ownership plan (LESOP)		
transactions costs, net of amortization	64,323	117,690
Security and other deposits	118,715	127,837
Total Other Assets	368,269	385,713
TOTAL	5 34,745,108	\$ 33,645,072
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Notes payable	\$ 998,428	\$ 998,428
Premiums payable-insurance carriers	29,606,407	29,145,313
Deferred commission income	732,157	796,385
Accraed salaries	1,847,304	1,210,568
Accrued pension, profit sharing, and employee		
stock ownership plan contributions	518,171	427,429
Loans payable - stockholders	470,617	470,797
Other accrued expenses and current liabilities	1,247,293	1,012,917
Total Current Liabfities	35,420,377	34,061,837
NOTES PAYABLE	345,953	1,444,381
Total Liabilities	35,7 6 6,330	35,506,218
COMMITMENTS		
STOCKHOLDERS' DEFICIT	(1,021,222)	(1,861,146)
YOTAL	\$ 34,745,108	\$ 33,645,072

See notes to consolidated financial statements.