Vencor

America's Long-Term Healthcare Network

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October 22, 1996

Federal Election Commission
999 E Street, NW
Washington, DC 20463

Re: Identification # C00242271 / August Monthly Report

Your letter dated October 16, 1996, states that the Vencor, Inc. PAC may have exceeded the contribution limit in conjunction with contributions made by our "affiliates." Specifically, you cite a contribution of $4,794 by Vencor to the Federation of American Health Systems PAC and a contribution to the same PAC by Tenet Healthcare Corporation of $5,000. Together these contributions exceed the $5,000 limit set forth in the Act.

We have reviewed the Commission's definition of "Affiliation" and have concluded that Vencor, Inc. and Tenet Healthcare Corporation are not affiliated. Vencor's PAC was established and is maintained by Vencor, Inc. and is financed and controlled solely by Vencor employees. No other corporation or organization is involved. Tenet is neither a parent corporation nor a subsidiary of ours. Tenet is not a member of our PAC. At one time, Tenet Healthcare Corporation, then known as NME, owned Hillhaven. But, except for the partial ownership of Hillhaven stock at the time of our merger, there is no affiliation or association between Vencor and Tenet.

Second, though Tenet does own stock in Vencor, it is not a controlling share. In 1995, prior to Vencor's merger with Hillhaven, Tenet owned 12.7% of Vencor stock. On January 15, 1996, following the merge, Tenet's share of Vencor stock had dropped to 11.8%. Therefore, Tenet does not own a controlling interest in Vencor. Tenet and Vencor do not have overlapping membership, officers or employees, and we have no ongoing relationship, other than the fact we are doing business in the same industry. The old Hillhaven PAC was converted to the Vencor PAC after the merger between the two companies. This transfer was recorded in documents submitted to the FEC on January 29, 1996.

Vencor and Tenet, both members of the Federation of American Health Systems, contribute to its PAC. The only affiliation the Vencor PAC has is to Vencor, Inc. Hillhaven PAC, an affiliate of Hillhaven Corporation, no longer exists, though some former Hillhaven employees are now employees of Vencor Inc. and members of its PAC.

If our understanding of the definition of "affiliated" is incorrect, please let us know. We are trying hard to remain in compliance while transitioning from the old Hillhaven corporate PAC to the new Vencor PAC. We look forward to working with you and hope this explanation answers your concerns about our August monthly report. If you have any further questions, please don't hesitate to call Patty Deutsche, Manager of Government Affairs, at (502) 596-7463.

Sincerely,

VENCOR, INC.

Richard A. Lechleiter
Treasurer

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Federal Election Commission

ENVELOPE REPLACEMENT PAGE FOR INCOMING DOCUMENTS

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TS 10-29-96

PREPARER — DATE PREPARED

FEC FORM 70-2 (12/92)