

# State of Connecticut

GEORGE JEPSEN  
ATTORNEY GENERAL



Hartford

March 12, 2014

Laurence P. Rubinow  
Chairman of the Board  
SBM Charitable Foundation, Inc.  
935 Main Street, Level C Suite B101  
Manchester, Connecticut 06040

Dear Mr. Rubinow:

Thank you for your letter of November 26, 2013, in which you discuss the announced purchase of Eastern Connecticut Health Network, Inc. ("ECHN") and Vanguard Health Systems, Inc. ("Vanguard"), and the requirement that ECHN's charitable assets remain with a non-profit organization.

My Office's jurisdiction over nonprofit hospital conversions derives from Conn. Gen. Stat. § 19a-486 et seq. and concerns both the fairness of the transaction and the preservation of the fair market value of the nonprofit hospital for charitable healthcare purposes. In addition, I am also responsible for the proper handling of all funds held in trust for the benefit of the nonprofit hospital.

My review of a particular transaction begins only when both my Office and the Office of Health Care Access receive a certificate of need determination letter from the parties to the transaction. Then, as set forth in the conversion statutes, we gather relevant documents, request submissions from interested parties, and hold a public hearing on the transaction. Only at that time would we have sufficient information to analyze the proper administration of the nonprofit's charitable funds going forward.

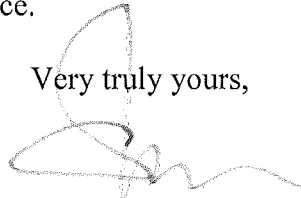
With respect to the ECHN-Vanguard transaction, we have yet to receive a certificate of need determination letter. We understand from press reports that ECHN and Vanguard have signed their own letter of intent, but at this time, that transaction is not pending in our offices. If ECHN and Vanguard wish to complete the announced transaction, however, they will need to go through the hospital conversion process with our offices, which will provide you the opportunity to present your position on SBMCF's qualifications to administer ECHN's charitable funds.

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Should you have any questions regarding the hospital conversion process, please do not hesitate to contact Assistant Attorney General Gary W. Hawes at 860-808-5020 or [gary.hawes@ct.gov](mailto:gary.hawes@ct.gov).

Thank you again for writing to my office.

Very truly yours,

A handwritten signature in black ink, appearing to read "George Jepsen", written over a vertical line.

GEORGE JEPSEN  
ATTORNEY GENERAL

cc: Gary W. Hawes, AAG