

# Clinical Laboratory Evaluation Program

## Permit Reapplication

### Ownership Attestation Guide

Laboratory ownership information is reviewed annually as part of the permit reapplication process. Please review this document carefully with your legal counsel to ensure your laboratory ownership is reported as requested.

Laboratories are required to upload a list of DIRECT and INDIRECT OWNERS during permit reapplication. These lists should be prepared in a single document to be uploaded into eCLEP. Note that the filename may not contain any special characters or spaces (e.g., "PFIXXXXOwnership2022.docx" is acceptable, but "PFI XXXX Ownership 4-2022.docx" is not acceptable.)

Files are uploaded in eCLEP by clicking the Upload link under the Ownership tab. Add the owner list file to the box titled "List of Owners".

#### Definitions:

- **Direct ownership** means an individual or entity with an ownership interest or controlling interest in the applying facility.
- **Indirect ownership** means an individual or entity with an ownership interest, controlling interest, or corporate membership, in an entity with direct or indirect ownership in the applying clinical facility. Indirect owners who hold a ten (10) percent or greater ownership interest, controlling interest, or corporate membership, are required to be disclosed by the applying clinical facility.
- **Ownership Interest** means the possession of stock, equity in the capital, or any interest in revenue of an entity.
- **Controlling interest** means the ability to direct or control the operation or management of an entity. Members on the Board of Directors or Board of Trustees for not-for-profit corporations are considered to have controlling interests. Any individual or entity with a ten (10) percent or greater controlling interest is required to be disclosed by the applying clinical facility. Licensed physicians who are included on the Board of Directors/Board of Trustees for a not-for-profit corporation are required to disclose their authority to order laboratory tests if they have greater than 10% controlling interest in the applying clinical facility.
- **Corporate membership** means an individual or entity with a voting interest in a not-for-profit corporation that directly owns the applying facility. Corporate membership includes, but is not limited to, the right to vote in the election for directors of the clinical laboratory or on fundamental corporate transactions such as closing the business or amending the bylaws.

## Ownership Reporting requirements (based on ownership type):

**Individual ownership:** Names, addresses, percentage of ownership, and social security numbers (SSN) of individual owners.

**Example 1 (individuals):** Aurora Laboratory is owned by Mr. Smith

- **Mr. Smith is the sole direct owner. His address and SSN must be provided as the DIRECT OWNER.**

**Example 2 (individuals):** Aurora Laboratory is owned by five individuals.

- **The names, address, percentage of ownership and SSN for all five individuals must be provided as the DIRECT OWNER.**
- If ownership is equally divided, the name of only one individual may be indicated as the Direct Owner Name and will be listed on the face of the permit. If one individual is the majority owner, they should be listed as the Direct Owner Name and will be listed on the face of the permit.

**Partnership:** Names, addresses, percentage of ownership, and SSN (or EIN) of all partners.

**Example 1 (Partnership):** Acme Lab is owned by Zhang Brothers, LLP. The partners of Zhang Brothers, LLP are Zhang Industries and Mr. Lee. Zhang Industries is owned by A. Zhang and B. Zhang.

- Zhang Brothers, LLP is the direct owner. Zhang Industries, Mr. Lee, A. Zhang, and B. Zhang are all indirect owners.
- **The name, address and EIN of Zhang Brothers LLP must be provided as the DIRECT OWNER.**
- **The name, address, percentage of ownership and EIN/SSN for Zhang Industries, Mr. Lee, A. Zhang, and B. Zhang must be provided as the INDIRECT OWNER.**

**Example 2 (Partnership):** Acme Lab is owned by Zhang Brothers, LLP. The partners of Zhang Brothers, LLP are Lu Zhang and Shimin Zhang.

- Zhang Brothers, LLP is the direct owner. Lu Zhang and Shimin Zhang are indirect owners.
- **The name address and EIN of Zhang Brothers LLP must be provided as the DIRECT OWNER.**
- **The name, address, percentage of ownership and SSN for Lu Zhang and Shimin Zhang must be provided as the INDIRECT OWNER.**

**Government:** The governmental entity and name of the representative official (i.e., Commissioner of Health, Chancellor, etc.) who can be contacted regarding ownership issues.

**Example (Government):** Univeristy Micro Lab is operated by the state university.

- The state university is the DIRECT OWNER. The university chancellor would be the appropriate official.

**For-Profit Corporation:** Names, addresses, and percentage of ownership (if any), for corporate officers and/or shareholders.

**Example 1 (Business Corporation):** ABC Lab is owned by ABC Lab, Inc.

ABC Lab Inc. has two major stockholders, Mr. Smith and Mr. Hernandez.

- ABC Lab, Inc. is the direct owner of the laboratory. Mr. Smith and Mr. Hernandez are indirect owners.
- **The name, address and EIN of ABC Lab, Inc must be provided as the DIRECT OWNER.**
- **The name, address, percentage of ownership, and SSN for Mr. Smith and Mr. Hernandez must be provided as the INDIRECT OWNER.**

**Example 2 (Business Corporation):** ABC Lab, Inc. dba ABC Lab is owned by ABC Lab, Inc. ABC Lab, Inc has two primary investors; Umbrella Corp, Inc. and Ms. Smirnov.

- ABC Lab, Inc., is the direct owner of the laboratory. Umbrella Corp, Inc. and Ms. Smirnov are indirect owners.
- **The name, address and EIN of ABC Lab, Inc must be provided as the DIRECT OWNER.**
- **The name, address, percentage of ownership, and EIN/SSN for Umbrella Corp, Inc. and Ms. Smirnov must be provided as the INDIRECT OWNER.**

**Example 3: (Professional Corporation):** Neighborhood Physicians, PLLC operates a clinical laboratory. Neighborhood Physicians, PLLC is owned by Hospital Physicians, PC and Dr. Patel.

- Neighborhood Physicians, PLLC is the direct owner. Hospital Physicians, PC and Dr. Patel are indirect owners.
- **The name, address and EIN of Neighborhood Physicians, PLLC must be provided as the DIRECT OWNER.**
- **The name, address, percentage of ownership, and EIN/SSN for Hospital Physicians, PC and Dr. Patel must be provided as the INDIRECT OWNER.**

**Not-for-Profit Corporation (NFPC):** A list of the Board of Directors/Trustees/Governors of the NFPC and name, address and EIN of any corporate members.

**Example (Not-for-Profit Corporation):** Healthy Hospital Laboratory is owned by Healthy Hospital, Inc., a not-for-profit corporation. Healthy Hospital, Inc. has two corporate members, Smith Health Systems, Inc. and Hernandez Health Systems, Inc.

- Smith Health Systems, Inc. and Hernandez Health Systems, Inc. are considered indirect owners in Healthy Hospital Laboratory.
- **The list of the Board of Directors/Trustees/Governors of Healthy Hospital, Inc must be provided as the DIRECT OWNER.**
- **The name, address, percentage of ownership, and EIN/SSN for Smith Health Systems, Inc. and Hernandez Health Systems, Inc. must be provided as the INDIRECT OWNER.**