



FEDERAL ELECTION COMMISSION
Washington, DC 20463

September 21, 1981

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1981-33

Louis Abbatepaolo
Vice President
Astoria Federal Savings and Loan Association
37-16 30th Avenue
Long Island City, NY 11103

Dear Mr. Abbatepaolo:

This responds to your letter of July 2, 1981, supplemented by your letter of July 30, 1981, requesting an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act") to political contributions or expenditures by federally chartered savings and loan associations.

According to your letter, the Astoria Federal Savings and Loan Association ("Astoria") is frequently asked by some of its depositors to make donations to local political clubs affiliated with the Democratic and Republican parties. Specifically, the donations requested include "table favors," raffle prizes or journal ads that would be given to local political party clubs. The table favors include items such as key rings, sponges, pot holders, and sewing kits, which cost Astoria approximately 15 to 25 cents each and contain the Astoria logo. These items would be donated to the club for later distribution by the club at a specific club function. The raffle premiums or gifts would be given to the clubs for use in raffles held to raise funds for the clubs' treasuries. Usually only one item (such as a hairdryer or Corningware) per raffle function would be given, and the value would be approximately \$10 to \$20 per item. Journal ads costing Astoria \$25 to \$100 would be placed in club publications used for an anniversary party or political rally. The proceeds received from Astoria would be deposited in the club's general treasury. You state your belief that the funds raised by the clubs in the foregoing activities "would not be channeled into federal campaigns, but mainly for local politics." You ask whether Astoria is prohibited by the Act or Commission regulations from donating the described items and advertisements to local political party clubs in the circumstances set forth.

It is the Commission's opinion that the donation of table favors, raffle premiums or journal ads by Astoria would constitute a contribution prohibited by the Act. Pursuant to 2 U.S.C. 441b(a), "any corporation organized by authority of any law of Congress" is prohibited from making "a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for any political office." Federal savings and loan associations organized under the authority of a Federal statute, 12 U.S.C. 1464(a), are covered by this prohibition since they become corporations once they receive charters from the Federal Home Loan Bank Board. See 12 CFR 543 and 544.

For purposes of 2 U.S.C. 441b the term "contribution or expenditure" includes any "direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization" 2 U.S.C. 441b(b)(2). Commission regulations similarly state that a contribution under 441b includes the gift of "anything of value." 11 CFR 114.1(a)(1). Items offered to a political organization by a Federal savings and loan association without charge or at less than the usual charge would thus be in-kind contributions. See 11 CFR 100.7(a)(1)(iii). Accordingly, the Commission concludes that the donation of the table favors to the clubs for their future distribution when they so desire would be contributions to the clubs within the meaning of 2 U.S.C. 441b(a). Astoria is prohibited from making such donations under 2 U.S.C. 441b.

In regard to the raffle prizes and journal advertisements, the Commission similarly concludes that 2 U.S.C. 441b prohibits Astoria from donating raffle premiums to the political clubs or paying for ads in those clubs' journals. Both raffle premiums and journal ads are considered contributions for the purposes of 2 U.S.C. 441b. See Advisory Opinion 1975-60 (raffle prizes) and Advisory Opinions 1978-46 and 1981-3 (journal ads), copies enclosed. Federal savings and loan associations are prohibited from making contributions in any form unless they are specifically excluded from the definition of contribution as contained in 2 U.S.C. 441b(b)(2) and 11 CFR 114.1(a)(2).

The Commission observes that the foregoing conclusions apply if Astoria's donations would be used by the clubs in connection with any election, including a primary election, political convention or caucus held to select candidates for any political office. Astoria may donate table favors and raffle premiums or pay for journal ads if the proceeds or items given to the political clubs will not be used, directly or indirectly, in connection with any election or nominating procedure for any political office. See 2 U.S.C. 441b(a); 11 CFR 114.2(a).

This response constitutes an advisory opinion concerning application of the Act, or regulations prescribed by the Commission, to the specific transaction or activity set forth in your request. See 2 U.S.C. 437f.

Sincerely yours,

(signed)

John Warren McGarry
Chairman for the
Federal Election Commission

Enclosures (Advisory Opinion 1975-60, 1978-46, 1981-3)