



FEDERAL ELECTION COMMISSION
Washington, DC 20463

January 29, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1981-49
William J. Marschalk
Executive Vice President
Great Western Financial Corporation
8484 Wilshire Boulevard
Beverly Hills, California 90211

Dear Mr. Marschalk:

This responds to your letter dated October 6, 1981, supplemented by your letter dated December 10, 1981, requesting an advisory opinion on behalf of Great Western Financial Corporation concerning application of the Federal Election Campaign Act of 1971, as amended, ("the Act"), to the corporation's proposal to donate funds to candidates running for state or local political office in California.

You state in your request that Great Western Financial Corporation ("GWFC") is a corporation organized under the laws of the state of Delaware and qualified to do business in the state of California. You state further that the "principal wholly owned subsidiary" of GWFC is Great Western Savings, a Federally chartered savings and loan association. Thus, you characterize GWFC as the parent holding company of Great Western Savings. The principal business of Great Western Savings is to "attract saving accounts from the public and to invest such funds in mortgage loans to finance the purchase or construction of real estate...." GWFC apparently owns three other subsidiaries, however only one of those, California Reconveyance Company, is presently active.

You ask specifically whether the Act would permit GWFC, as the parent holding company of a Federally chartered association, to make contributions to and expenditures on behalf of candidates for state and local political office in California. You note that California state law permits corporations to make contributions to and expenditures on behalf of state and local candidates.

As you are aware, 2 U.S.C. 441b prohibits any national bank or "any corporation organized by authority of any law of Congress" from making contributions and expenditures in

connection with "any election to any political office." See 2 U.S.C. 441b(a). The Commission has previously concluded that a Federally chartered savings and loan association is subject to 441b(a). Advisory Opinion 1981-33, copy enclosed. Thus Great Western Savings, a Federally chartered savings and loan association, would be prohibited from making contributions or expenditures in connection with Federal, State or local elections. Accordingly, the issue raised by your request is whether GWFC is also subject to the prohibition against corporate contributions in connection with any election because it owns all, stock in Great Western Savings.

Under California statute, corporations are permitted to make contributions to and expenditures on behalf of candidates for state or local political office. Although 2 U.S.C. 441b prohibits national banks and Federally chartered corporations from making contributions or expenditures in connection with an election for any political office, there is no language in 441b indicating that the prohibition extends to parent holding companies which are not themselves Federally chartered corporations. It is apparent that although Great Western Savings is the wholly owned subsidiary of GWFC, GWFC has other business operations distinct from the operation of Great Western Savings and further, has sources of revenue separate from Great Western Savings' assets.

Thus, the Commission concludes that insofar as the Act is concerned GWFC, as the parent holding company of Great Western Savings, may make contributions to and expenditures on behalf of candidates for state and local political office provided that the funds used to make such contributions are from GWFC revenues other than those resulting from the operations of Great Western Savings. GWFC would, of course, still be subject to the 441b prohibition against corporate contributions and expenditures in connection with Federal elections.

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,

(signed)

Frank P. Reiche
Chairman for the
Federal Election Commission

Enclosure (AO 1981-33)