



FEDERAL ELECTION COMMISSION
Washington, DC 20463

February 5, 1982

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1981-61

Barnett Grace
President
Commercial National Bank
200 Main Street
Post Office Box 1331
Little Rock, Arkansas 72203

Dear Mr. Grace:

This responds to your letter dated December 17, 1981 and that of Mr. William H. Bowen, dated November 6, 1981, requesting an advisory opinion on behalf of Commercial Bankstock, Inc. concerning application of the Federal Election Campaign Act of 1971, as amended, ("the Act"), and Commission regulations to proposed political contributions by Commercial Bankstock, Inc.

You explain in your letter that Commercial Bankstock, Inc. ("the holding company") is a one bank holding company and owns 100% of the stock of Commercial National Bank ("the Bank"). You ask specifically whether the holding company may make contributions to the Arkansas Democratic Party. You indicate that such a contribution will not be used by the Arkansas Democratic Party directly or indirectly in connection with any Federal election. You state finally, that if the Commission approves such a contribution, the "source of funds" which the holding company will use to make the proposed contribution will be "interest income from investments other than Commercial National Bank."

As you know, the Act prohibits national banks and federally chartered corporations from making contributions and expenditures in connection with any election to any political office. 2 U.S.C. 441b(a); also see Advisory Opinion 1980-54 (copy enclosed). It also prohibits corporations from making contributions and expenditures in connection with any Federal election. The issue raised by your request is whether a corporation chartered under State law may make contributions in connection with non-federal elections if its wholly-owned subsidiary is a national bank.

A similar factual situation was presented to the Commission in Advisory Opinion 1981-49, copy enclosed. There, the holding company of a federally chartered savings and loan association was permitted to make contributions to state and local political candidates provided that the funds used by the parent holding company to make the contributions were not funds which resulted from the operation of the federally chartered corporation. The Commission concludes in this instance that for purposes of the Act, the holding company may make the proposed contribution to the Arkansas Democratic Party only if the contribution is made from funds other than those resulting from the operations of the Bank, and provided that the contribution will not be made or used, directly or indirectly, in connection with any Federal election.

The Commission notes that the Bank is, of course, subject to the prohibitions of the Act at 2 U.S.C. 441b and is thus prohibited from making contributions and expenditures in connection with any election for any political office.

The Commission expresses no opinion regarding application of any State law to the issues discussed herein.

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

Enclosures (AOs 1981-49 and 1980-54)