



FEDERAL ELECTION COMMISSION
Washington, DC 20463

October 14, 1983

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1983-28

Mr. W. Dean Cannon, Jr.
President
California League of Savings Institutions
9800 South Sepulveda, Suite 500
P.O. Box 45054
Los Angeles, California 90045-0054

Dear Mr. Cannon:

This responds to your letters of March 1, May 9, July 15 and August 31, 1983, requesting an advisory opinion concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), to the proposed disaffiliation of the political action committee of the California League of Savings Institutions from the political action committee of the U.S. League of Savings Institutions.

Your letters state that the California League of Savings Institutions (formerly the California Savings and Loan League) ("CLSI") is a trade association which is an organizational member of the U.S. League of Savings Institutions (formerly the U.S. League of Savings Associations) ("USLSI"). You assert that the relationship between CLSI and USLSI is informal and that membership in each organization is independent from the other. Further, you claim that CLSI operates as a service organization for its members with its own rules and policies and is in no way affected by the rules or policies made by USLSI.

The documents submitted with your request indicate that USLSI is a national organization that includes some 39 state leagues or trade associations¹ which, like CLSI, are "involved in the same

¹ USLSI has a membership category for specific savings institutions, in addition to the category for organizational members, *i.e.* state trade associations, such as CLSI. Article III, §1. Therefore, USLSI is a trade association as to its specific savings institution members, while at the same time it is a federation of trade associations as to its organizational members.

line of commerce," i.e., representing savings institutions in those various states. 11 CFR 114.8(g). The status of USLSI as a federation of trade associations is apparent from USLSI's constitution, which entitles each recognized state league (such as CLSI) through its single delegate, to cast 23 votes on issues and nominations before the policy-making and electing meetings of USLSI. Article IV, §3. This is clearly an advantage not available to other categories of members, such as state savings institutions. Article IV, §§2 and 4. In addition, recognized state leagues have special nomination rights to USLSI's Executive Committee and Board of Directors. Article VII, §§2 and 3.

Your letters go on to state that the California Savings and Loan League FEDPAC ("FEDPAC"), which is the political action committee of CLSI, affiliated itself with the U.S. League of Savings Associations Political Election Committee ("SAPEC"), which is the political action committee of USLSI, on July 1, 1982. You claim that FEDPAC existed, but was independent of SAPEC prior to that date. FEDPAC members have now determined to disaffiliate from SAPEC, since a continued relationship is perceived to be no longer in FEDPAC's interests. Accordingly, you seek an opinion on whether FEDPAC may, under the Act and Commission regulations, revoke its previously disclosed affiliated political committee status with SAPEC. You also inquire about Commission procedures for "disaffiliation" of political committees, and ask whether FEDPAC may utilize these procedures, should they exist.

Your letters and supporting documentation indicate that CLSI is officially recognized by USLSI as its California league affiliate. You do not propose to change or modify CLSI's status with USLSI. Accordingly, this relationship between USLSI and CLSI, and USLSI's status as a federation of trade associations, mean that FEDPAC and SAPEC will continue to remain affiliated political committees. Under Commission regulations, the PACs of such entities have automatic or per se affiliation with each other.² Affiliation in this context is not a discretionary act in the first instance; rather, affiliation results from the structural or organizational relationship of the establishing entities. Consequently, no provision is made for the discretionary disaffiliation of such PACs so long as the organizational relationship of the connected, or establishing entities to one another continues unchanged. 11 CFR 114.8(g), 110.3(a)(1)(ii)(D), and see Advisory Opinion 1977-44, copy enclosed. Accordingly, FEDPAC may not revoke its previously disclosed affiliated political committee status with SAPEC.

In view of the Commission's opinion that the affiliated political committee status of FEDPAC and SAPEC is mandatory, rather than discretionary, the Commission does not reach the general question you have asked with respect to disaffiliation procedures. 11 CFR 112.1(b). As you know, political committees are required to disclose their affiliated political committees on their statements of organization. 2 U.S.C. 433(b)(2), 11 CFR 102.2(a), (b). Any change in any information previously disclosed is required to be reported no later than ten days after the change. 11 CFR 102.2(a)(2). However, these provisions do not address the legal validity of any such change; they merely prescribe the mechanism for making an otherwise proper change in the

² The PACs of specific savings institutions which are non-organizational members of USLSI, are not per se affiliated with SAPEC. See 11 CFR 100.5(g)(2); compare 11 CFR 100.6(b) and Advisory Opinion 1978-39, copy enclosed. Compare also Advisory Opinions 1976-104 and 1982-21, copies enclosed.

required information about a political committee. Accordingly, FEDPAC may not use the amendment procedure to revoke its affiliation with SAPEC, since the substantive provisions of the Act and Commission regulations do not provide a basis for such revocation on the facts presented in your advisory opinion request.

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)

Danny L. McDonald
Chairman for the Federal Election Commission

Enclosures (AOs 1982-21, 1978-39, 1977-44 and 1976-104)