



FEDERAL ELECTION COMMISSION
Washington, DC 20463

October 10, 1986

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 1986-33

Ms. Areta K. Guthrey
Attorney at Law
W. 929 Sprague Avenue
Suite 106
Spokane, Washington 99204

Dear Ms. Guthrey:

This responds to your letters of July 29 and August 25, 1986, requesting an advisory opinion on behalf of Metropolitan Mortgage and Securities Co., Inc. Political Action Committee ("the Committee") concerning application of the Federal Election Campaign Act of 1971, as amended ("the Act"), and Commission regulations to the Committee's campaign depository.

You state that you represent several corporations, including Metropolitan Mortgage and Securities Co., Inc. ("Metropolitan Mortgage"), that are related through stock ownership. Specifically, you explain that Metropolitan Mortgage holds a 94.8% interest in Consumers Holding Group Co., Inc., which in turn owns 100% of Consumers Insurance Company, which in turn owns 100% of Western United Life Assurance Company ("Western United"). You also state that Metropolitan Mortgage holds 81.98% of the outstanding interest in Spokane Mortgage.

According to your request, on July 11, 1986, Metropolitan Mortgage, Western United, and Spokane Mortgage each voted to establish a separate segregated fund.¹ You note that the three corporations that established these separate segregated funds share data processing, legal services, purchasing, payroll, collections, accounting, and some corporate officers. Specifically, you note that each corporation has the same treasurer, president, and chairman of the Board. In addition, you state that most of the operations of these three corporations are handled by personnel who have overlapping duties for each corporation. For example, the collections

¹ The three separate segregated funds are: Metropolitan Mortgage and Securities Co., Inc. Political Action Committee (Metro PAC), Western United Life Assurance Company Political Action Committee (WULA PAC), and Spokane Mortgage Company Political Action Committee.

department handles collections for contracts held by all three corporations, and there is one purchasing agent who purchases supplies for all of the corporations involved. You note that each corporation is responsible for its own employees' salaries and benefits.

In light of these facts, you ask whether it is permissible for the separate segregated funds established by Metropolitan Mortgage, Western United, and Spokane Mortgage to use a single campaign depository account.

Under the Act and Commission regulations each separate segregated fund must register with the Commission as a political committee and file periodic reports of receipts and disbursements. See 11 CFR 100.5(b), 102.1(c), and 104.1(a). Even though all separate segregated funds established or financed or maintained or controlled by the same organization are affiliated for purposes of contribution limitations under 2 U.S.C. 441a(a)(5), each such fund has a separate registration and reporting obligation and is viewed as a distinct entity, for purposes of the Act's disclosure requirements. See Advisory Opinion 1980-8. Furthermore, each separate segregated fund² must designate at least one campaign depository and must maintain at least one checking account or transaction account at one of its depositories. 2 U.S.C. 432(h)(1), 11 CFR 103.2.

In Advisory Opinion 1979-53 the Commission concluded that the use of a single checking account for the financial activities of five political committees would not be permissible under the Act, even though the same bank could be designated as the campaign depository for all five committees. Similarly, the Commission concludes that in the situation you present, each of the separate segregated funds would be required to maintain separate campaign depository accounts. It would be permissible, however, for a single financial institution³ to be designated as the campaign depository for all three separate segregated funds, as long as separate checking or transaction accounts are maintained for each committee.

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)

Joan D. Aikens
Chairman for the
Federal Election Commission

Enclosures (AOs 1980-8 and 1979-53)

² Under the Act and Commission regulations, the term "political committee" is defined to include any separate segregated fund. 2 U.S.C. 431(4)(B) and 11 CFR 100.5(b).

³ The financial institution must be an entity described in 2 U.S.C. 432(h)(1).