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April 30, 1990

N. Bradley Litchfield, Esq.  
 Assistant General Counsel for  
 Policy and Advisory Opinions  
 Federal Election Commission  
 999 E Street, N.W.  
 Washington, D. C. 20463

AOR 1990-8

Re: Advisory Opinion Request

Dear Mr. Litchfield:

On behalf of The CIT Group Holdings, Inc. ("CIT"), we hereby request an advisory opinion pursuant to 2 U.S.C. § 437f and 11 C.F.R. Part 112 with respect to the specific activity set forth below.

CIT, a Delaware corporation with its principal place of business in New York, directly or through its subsidiaries, provides financial services, including business financing and leasing, consumer financing, factoring and commercial financing. Before this year, CIT was a direct, wholly-owned subsidiary of Manufacturers Hanover Corporation, a Delaware corporation ("Manufacturers"). At the end of 1989, Manufacturers sold 60% of the stock of CIT to Dai-Ichi Kangyo Bank Ltd., a Japanese bank ("DKB").

Prior to January, 1990, executive and administrative personnel and employees of CIT participated in Manufacturers' separate segregated fund, the Manufacturers Hanover Association for Responsible Government Fund ("MHPAC"). CIT presently has under consideration the establishment of its own separate segregated fund (for convenience referred to hereinafter as "CITPAC") for the purpose of soliciting contributions from the executive and administrative personnel and the employees of CIT and its direct and indirect subsidiaries and making contributions to Federal and state candidates.

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CIT seeks the Commission's opinion that CITPAC, as so structured and as more fully described below, would be the appropriate vehicle for CIT to participate in Federal elections, and in particular, will not violate 2 U.S.C. § 441e.

#### STATEMENT OF FACTS

From May, 1984, through December, 1989, CIT was a direct, wholly-owned subsidiary of Manufacturers. In 1989, CIT and its subsidiaries had net income of \$126,156,000 and total net assets of \$10,145,350,000 from their operations.

On December 29, 1989, DKB acquired 60% of the issued and outstanding stock of CIT. Manufacturers continues to own the remaining 40% of CIT's stock. The Board of Directors of CIT is comprised of six members appointed by DKB, two members appointed by Manufacturers and two members appointed by CIT. Five of the six members appointed by DKB are Japanese nationals. The five remaining board members are all citizens of the United States.

Members of the Board of Directors of CIT who are foreign nationals within the definition of 2 U.S.C. § 441e will abstain from voting on matters concerning CITPAC, its activities and the selection of individuals to operate and exercise decision-making authority with respect to the political contributions and political expenditures of CITPAC. In fact, CITPAC would be directed and controlled by executive officers of CIT, all of whom are United States citizens. These would be the only individuals with decision-making authority for CITPAC. Finally, CITPAC would solicit only those executive and administrative personnel and those employees of CIT and its subsidiaries who are citizens of the United States or persons lawfully admitted for permanent residence within the United States.

#### ISSUE PRESENTED

In accordance with the facts and the representations set forth above, we hereby request an advisory opinion on the following issue:

Whether the establishment and operation of CITPAC under the facts, and in accordance with the representations, set forth in this advisory opinion request would violate 2 U.S.C. § 441e?

Based on the facts and representations set forth above and on our reading of advisory opinions 1978-21 and 1980-100, we respectfully suggest that the establishment and operation of CITPAC as described above would not violate 2 U.S.C. § 441e.

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If the Commission should require additional information in considering this request, please contact me at the address and telephone number listed above.

Sincerely,

A handwritten signature in cursive script, appearing to read "R. Todd Johnson". The signature is written in black ink and is positioned above the printed name.

R. Todd Johnson