

June 17, 1992

Mitchell B. Klein
General Counsel
Police and Fire
Federal Credit Union
901 Arch Street
Philadelphia, PA 19107-2495

Re: Permissible Political Activities (Your Letter of May 26, 1992)

Dear Mr. Klein:

You requested an opinion regarding the extent to which a Federal credit union ("FCU") may engage in political activity. The Federal Election Campaign Act prohibits an FCU from making "a contribution or expenditure in connection with any election to any political office, or in connection with any primary election or political convention or caucus held to select candidates for political office...." 2 U.S.C. ~441b; see also 11 C.F.R. ~114.2. NCUA Interpretive Ruling and Policy Statement ("IRPS") No. 79-6, Donations/Contributions, does not apply to political contributions. IRPS 79-6, 44 Fed.Reg. 56691 (October 2, 1979). NCUA has opined that in order to be a valid exercise of an FCU's incidental authority that any political contributions must be legal under applicable federal and state law, not so excessive as to be a waste of corporate assets or a breach of safety and soundness, and that the FCU must receive something of monetary value (as opposed to goodwill) in return. An FCU may endorse a candidate if permissible under applicable federal and state law.

FCUs may be able to make contributions to certain political action committees, such as those organized by trade associations. See 11 C.F.R. ~114.8. However, it should also be noted that FCUs are prohibited from making either a loan or investment to a trade association, nor are political contributions a preapproved credit union service organization activity. 12 U.S.C. ~1757(5)(D) and 1757(7)(I); see also 12 C.F.R. ~701.27(b)(1)(iii), (d)(5)(i)-(ii). NCUA does not have jurisdiction over Federal Election Campaign Act issues, and for further information we suggest you contact: Office of General Counsel, Federal Election Commission, 999 E Street, NW, Washington, DC 20463 (telephone 202/219-3690). We also suggest that you research state law for information regarding state restrictions. See, e.g. Pa. Stat. Ann., tit. 25, ~3253 (Purdon, 1991 Supp.) ("It is unlawful ... for any corporation... to make a contribution or expenditure in connection with the election of any candidate or for any political purpose whatever...") For further information, you may wish to contact either the Commonwealth of Pennsylvania or the Pennsylvania Credit Union League.

Sincerely,

Hattie M. Ulan
Associate General Counsel

GC/MEC:sg
SSIC 3800
92-0613