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May 3, 1982

David B. H. Martin, Jr., Esquire  
Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
Washington, D.C. 20549

Re: Federated Financial Corporation  
Regulation D - Request for interpretative advice

Dear Mr. Martin:

Our firm represents Federated Financial Corporation ("FFC"), a financial services and mortgage banking firm which specializes in fiscal advisory services and management of debt issues guaranteed by the United States Government. FFC proposes to offer and sell interests in a limited partnership to service corporation subsidiaries of savings and loan associations without registration under the Securities Act of 1933, as amended (the "1933 Act") in reliance upon Rule 506 of 1933 Act Regulation D.

Release No. 33-6389, announcing the adoption of Regulation D, noted that the staff of the Division of Corporation Finance will issue interpretative letters to assist persons in complying with Regulation D. In response to that offer of interpretative advice, we are writing to obtain an interpretative letter from the staff with respect to the definition of "accredited investor" in 1933 Act Rule 501(a)(5).

As you are aware, Rule 501(a)(5) provides that the term "accredited investor" as used in Regulation D includes:

"Any person who purchases at least \$150,000 of the securities being offered, where the purchaser's total purchase price does not exceed 20 percent of the purchaser's net worth at the time of sale...."

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We are not aware of any Regulation D provision which specifically permits a corporate subsidiary purchaser to combine its net worth with that of its parent corporation. Because FFC intends to offer limited partnership interests primarily to service corporation subsidiaries of savings and loan associations,\* we are requesting the staff's interpretative advice that the consolidated net worth of a parent savings and loan association may be considered in determining compliance with Rule 501(a)(5) by its wholly-owned service corporation subsidiary .

Such a conclusion does not appear to be inconsistent with the current provisions of Regulation D. Rule 501(a)(5) as adopted permits a natural purchaser's net worth to be combined with the net worth of his or her spouse. We believe that the net worth of a parent savings and loan association should similarly be combined with the net worth of its wholly-owned service corporation subsidiary.

We understand the basic premise of Rule 501(a)(5) to be that a person capable of investing a significant amount of capital in an offering ought to be deemed an accredited investor. Although a wholly-owned service corporation subsidiary investing \$150,000 in an offering by FFC may individually lack the net worth necessary for accredited investor consideration under Rule 501(a)(5), the parent savings and loan association assumes the ultimate risk of loss in such an investment. In our view, it is both appropriate and necessary to consider the savings and loan association's consolidated net worth in determining whether accredited investor status would be available in such circumstances.

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\* Federally-chartered savings and loan associations are permitted under regulations of the Federal Home Loan Bank Board to establish service corporation subsidiaries for the purpose of engaging in activities reasonably related to permitted activities of the parent association.

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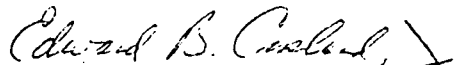
Recent legislation and regulations have eliminated most of the traditional distinctions between banks and savings and loan associations. As a result, although a savings and loan association may not be a "bank" as defined in Section 3(a)(2) of the 1933 Act and thus not an accredited investor as defined by Rule 501(a)(1), there are many similarities between the present businesses of banks and savings and loan associations. We believe that the sophistication necessary for a savings and loan association to compete effectively with banks and other financial institutions further supports our view that a wholly-owned subsidiary of a savings and loan association should be accorded accredited investor status.

In view of the foregoing, we respectfully request your confirmation that the staff will interpret Rule 501(a)(5) in the manner we have requested.

If you have any questions regarding this matter, please do not hesitate to call the undersigned or James Fleischer of our firm. We are available to meet with you, if a meeting will facilitate your consideration of our interpretative request.

Very truly yours,

HAMEL, PARK, McCABE & SAUNDERS



Edward B. Crosland, Jr.

EBC:mmp