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RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF CORPORATION FINANCE

Re: Federated Financial Corporation ("FFC")
Incoming letter dated May 3, 1982

Your letter seeks interpretive advice from this Division as to whether the consolidated net worth of a parent savings and loan association may be considered in determining whether its wholly-owned service corporation subsidiary qualifies as an "accredited investor," as that term is defined in Rule 501(a) under the 1933 Act. It is anticipated that FFC will offer interests in a limited partnership in reliance on Rule 506 to wholly-owned service corporation subsidiaries of savings and loan associations and that certain of these subsidiaries will invest \$150,000 in FFC's offering.

On the basis of the facts presented in your letter, this Division is of the view that FFC may consider the consolidated net worth of a parent savings and loan association in determining whether its wholly-owned subsidiary is an accredited investor. In arriving at this position, we note particularly that the subsidiary is wholly-owned by the parent whose consolidated net worth is used in determining compliance with the terms of Rule 501(a)(5).

Because this position is based upon the representations made to the Division in your letter, it should be noted that any different facts or conditions might require a different conclusion.

Sincerely,

David B. H. Martin, Jr.

David B. H. Martin, Jr.
Special Counsel

1933 Act / Rule 501(a)(5)

See 100-118

Martin / o.c.c.

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