FEDERAL ELECTION COMMISSION
Washington, DC 20463

June 21, 2012

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

ADVISORY OPINION 2012-21

Stefan Passantino, Esq.
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Washington, DC 20006-1108

Dear Mr. Passantino:

We are responding to your advisory opinion request on behalf of Primerica, Inc. ("Primerica") concerning the application of the Federal Election Campaign Act of 1971, as amended (the "Act"), and Commission regulations to the possible disaffiliation of Primerica and Citigroup, Inc.[1] ("Citigroup").

The Commission concludes that Primerica and Citigroup are disaffiliated entities. Thus, Primerica may establish a separate segregated fund ("SSF") that is not affiliated with Citigroup's SSFs.

Background

The facts presented in this advisory opinion are based on your letter received on January 6, your letter and attachments received on April 27, and your emails received on May 14 and June 7, 2012.

Primerica is a for-profit, publicly traded distributor of life insurance and financial products (primarily term life insurance, mutual funds, and annuities). It was incorporated in Delaware in October 2009 by Citigroup as a holding company for the Primerica businesses, which were wholly-owned, indirect subsidiaries of Citigroup. In April 2010, Citigroup transferred these businesses to Primerica through a corporate reorganization and spun off Primerica through an initial public offering ("IPO") of Primerica stock.

[1] As used in this advisory opinion, the terms "Citigroup, Inc." and "Citigroup" refer to Citigroup and its subsidiaries, unless the context dictates otherwise.

Immediately after the spin-off, Citibank held approximately 40 percent of Primerica's outstanding common stock; 37 percent was held by members of the public; and 23 percent was held by various private equity funds managed by Warburg Pincus, LLC ("Warburg"). Citigroup continued to divest itself of Primerica stock after the spin-off. As of December 2011, Citigroup no longer owned any shares of Primerica's outstanding voting common stock, and Citigroup's subsidiaries held only about .02 percent of the outstanding shares.

In March and April 2010, Citigroup and Primerica entered into a number of agreements related to the reorganization and spin-off. These included an Intercompany Agreement by and between Primerica and Citigroup (the "Separation Agreement");[2] a Transition Services Agreement and a Long Term Services Agreement, regarding the provision of transitional and long-term administrative services for term life insurance policies or regarding the sale of Citigroup products;[3] a number of co-insurance and co-insurance trust agreements[4] and related monitoring and reporting agreements;[5] a Tax Separation Agreement;[6] a Registration Rights Agreement;[7] and a Note Agreement, regarding Primerica's issuance to Citigroup of a $300 million note.[8] Several of these agreements, such as the transitional and long-term administrative services agreements, have since terminated. The requestor represents that the co-insurance and co-insurance trust agreements remaining in effect "represent standard co-insurance contracts that are fully in line with insurance industry standards."

Primerica is governed by a Board of Directors. The directors are elected by a plurality of the shareholder votes cast at each Annual Meeting and can be removed only for cause and only by an affirmative vote of at least two-thirds of the votes entitled to be cast by holders of the then-outstanding capital stock. *See* Bylaws, Art. III, sec. 1. Pursuant to the Securities Purchase Agreement between Primerica and Citigroup, Citigroup has one representative on Primerica's Board of Directors. As one of nine members of Primerica's Board, this director has the same ability to direct or to participate in Primerica's governance as do the other eight directors. All members of the Board hold equal voting rights with regard to key personnel decisions associated with corporate officers.

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[2] *See* Advisory Op. Request Attach. 1.

[3] *See* Advisory Op. Request Attachs. 7-8.

[4] *See* Advisory Op. Request Attachs. 9-15.

[5] *See* Advisory Op. Request Attachs. 22-23.

[6] *See* Advisory Op. Request Attach. 17.

[7] *See* Advisory Op. Request Attach. 21.

[8] *See* Advisory Op. Request Attach. 25.

The Nominating and Corporate Governance Committee of the Board has the authority of an executive committee. It takes the lead in shaping corporate governance policies and practices. *See* Primerica, Inc. Nominating and Corporate Governance Committee Charter at 1. The Board as a whole has the authority to elect, remove, and fix the salaries of all corporate officers. The Board also possesses the sole power to fill vacancies in the positions of Chief Executive Officer, President, Secretary, and Treasurer of the corporation. In addition, the Board holds the authority to create and fill other corporate officer positions as needed.

Aside from the one Citibank director on Primerica's Board, who is an officer of Citi Holdings, Primerica and Citigroup do not have any overlapping officers or employees. The majority of Primerica's workforce consists of former Citigroup employees. As of December 31, 2011, approximately 86.4 percent of Primerica's workforce (2,192 of 2,537 employees) were former Citigroup employees because they had been employed by Primerica before the April 2010 spin-off. Moreover, many key members of Primerica's current executive team were also employees of Citigroup before the spin-off. These key Primerica executives were not, however, part of Citigroup's senior management team.

Outside of the above-referenced agreements, the services provided by Primerica to Citigroup, and by Citigroup to Primerica, are described by the requestor as "administrative in nature." For example, Primerica currently sublets office space from Citigroup in Long Island City, N.Y. for $75,000 per month, and receives certain administrative support services in connection with its sublease. The requestor represents that this monthly rental fee "is commensurate with the fair market value at the time of the execution of the sublease for office space of comparable quality in the Long Island City section of the New York City borough of Queens." Primerica and Citigroup have also offered each other minor forms of organizational support, such as for printing, shipping, and warehousing printed materials. The requestor represents that, "[a]t all times . . . the party receiving organizational assistance has paid a fair market price for such services."

Primerica does not currently have an SSF and intends to form one. Citigroup will not pay any of the administrative, fundraising, or operational costs associated with Primerica's SSF, nor will it provide any other form of support. The SSF will be overseen by Primerica personnel. Primerica intends to establish an independent board consisting of from five to seven Primerica employees to work with the SSF's Treasurer in overseeing the SSF's day-to-day operations. These employees will not be members of Primerica's Board of Directors, nor will they consult with the Board when making decisions about the SSF's activities. Although the SSF is still in the development stage, Primerica expects that its Board of Directors will be consulted only "sporadic[ally]" about the SSF during the planning process, and will play even less of a role once the SSF becomes operational.

Citigroup currently has two SSFs registered with the Commission.[9] Primerica states that its planned SSF will function independently of Citigroup and Citigroup's SSFs and asks the Commission to determine that its SSF will not be affiliated with either entity. Through counsel, Citigroup has indicated its support for Primerica's advisory opinion request.

Question Presented

Are Primerica and Citigroup disaffiliated?

Legal Analysis and Conclusions

Yes, Primerica and Citigroup are disaffiliated. Accordingly, Primerica may establish an SSF that will not be affiliated with Citigroup's SSFs.

1. Applicable Law

Political committees, including SSFs, that are established, financed, maintained, or controlled by the same corporation, labor organization, person, or group of persons, including any parent, subsidiary, branch, division, department, or local unit thereof, are affiliated. *See* 2 U.S.C. 441a(a)(5); 11 CFR 100.5(g)(2), 110.3(a)(1)(ii). Contributions made to or by such political committees are considered to have been made to or by a single political committee. 2 U.S.C. 441a(a)(5); 11 CFR 100.5(g)(2), 110.3(a)(1).

2. Per Se Affiliation

Commission regulations identify certain organizations that are *per se* affiliated, and hence whose SSFs are *per se* affiliated. These organizations include a single corporation and its subsidiaries, as well as a single person or group of persons. *See* 11 CFR 100.5(g)(3)(i), 110.3(a)(2)(i). Although Primerica and Citigroup were previously *per se* affiliated, following the reorganization and spin-off, they do not meet the criteria for *per se* affiliation.

3. Affiliation Factors

In the absence of *per se* affiliation, Commission regulations provide for an examination of various non-exhaustive factors in the context of the overall relationship to determine whether one sponsoring organization has established, financed, maintained, or controlled the other sponsoring organization or committee, and hence whether their respective SSFs are affiliated. *See* 11 CFR 100.5(g)(4)(i)-(ii), 110.3(a)(3)(i)-(ii); Advisory Opinion 2009-18 (Penske Truck Leasing), Advisory Opinion 2007-12 (Tyco). "In analyzing the significance of these factors when presented with a request for the disaffiliation of companies, the Commission does not have a formula whereby the presence

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[9] These SSFs are Citigroup, Inc., Political Action Committee – Federal, and Citigroup, Inc. Political Action Committee – Federal/State.

of a specific number of factors is sufficient or insufficient for continued affiliation." Advisory Opinion 1996-23 (ITT). These factors are considered in turn.

(A) Whether one sponsoring organization owns a controlling interest in the voting stock or security of another sponsoring organization.

Citigroup does not own a controlling interest in Primerica's voting stock or securities. 11 CFR 100.5(g)(4)(ii)(A), 110.3(a)(3)(ii)(A). As of December 2011, Citigroup did not hold any shares of Primerica's outstanding public stock.[10] Moreover, there is no indication that Primerica owns any voting stock or securities in Citigroup or its subsidiaries. The absence of such a controlling interest suggests that the entities are not affiliated.

(B) Whether a sponsoring organization or committee has the authority or ability to direct or participate in the governance of another sponsoring organization or committee through provisions of constitutions, bylaws, contracts or other rules, or through formal or informal practices or procedures.

Citigroup has only minimal authority or ability to direct or participate in the governance of Primerica and will have even less authority or ability to do so for Primerica's SSF. 11 CFR 100.5(g)(4)(ii)(B), 110.3(a)(3)(ii)(B).

Primerica is governed by its Board of Directors. *See* Primerica By-Laws, Art. III, sec. 3. The Directors are divided into three classes with staggered three-year terms. At each annual meeting of Primerica's shareholders, directors in one class are elected by a plurality of the shareholder votes cast. The terms of directors in the first class expired and elections were held at the 2011 annual meeting; the terms of directors in the second class expired and elections were held at the 2012 annual meeting; and the terms of directors in the third class will expire and elections will be held at the 2013 annual meeting. Directors may be removed only for cause, by an affirmative vote of at least two-thirds of the votes entitled to be cast by holders of the then-outstanding capital stock. *See* Primerica's Bylaws, Art. III, sec. 1. Vacancies in the Board are filled by majority vote of the remaining directors.

Upon completion of the IPO, Primerica's Board consisted of six directors, with two in each class. The Board now has nine directors.[11] By agreement between the

[10] Primerica indicates that Citigroup's subsidiaries that are brokers, from time-to-time, may hold small amounts of Primerica's stock on behalf of clients in the ordinary course of their business. As of December 2011, Citigroup's subsidiaries held about .02 percent of Primerica's stock.

[11] Primerica's Board may have up to 15 Directors, at the discretion of the Board, subject to an agreement with Warburg that the Board will have no more than nine members so long as Warburg owns certain threshold amounts of Primerica stock. *See* Primerica Form S-1/A filed with the Securities Exchange Commission, March 31, 2010, http://google.brand.edgar-online.com/EFX_dll/EDGARpro.dll?FetchFilingHtmlSection1?SectionID=7156274-684231-704841&SessionID=zgW7Hjuc9vn9i77 (last viewed June 5, 2012).

requestor and Citigroup, Citigroup's representation on Primerica's Board of Directors is limited to one member.[12] The requestor represents that this limitation remains in effect and that there is no desire among corporate management or the Board of Directors to remove or change it. No other director on Primerica's Board has a current attachment to Citigroup, and only one director has any former attachment to Citigroup.[13]

As one of nine members of Primerica's Board, Citigroup's representative has the same ability to direct and participate in Primerica's governance as the other eight members. Indeed, he may play even a smaller role than some of the other directors, insofar as he is not a member of the Nominating and Corporate Governance Committee, which "takes a leadership role in shaping corporate governance policies and practices, including recommending to the Board of Directors the Corporate Governance Guidelines . . . and monitoring [Primerica's] compliance with said policies and Guidelines." Primerica, Inc. Nominating and Corporate Governance Committee Charter at 1.

Additionally, Citigroup's representative on the Board will have little to no role in the establishment and operation of Primerica's proposed SSF. The requestor represents that Primerica's Board of Directors will have only a minimal consultative role in the establishment of Primerica's SSF and will play an even smaller role in the SSF's operations. Instead, the SSF will have an independent board consisting of Primerica personnel, with no overlap in membership between the SSF board and Primerica's Board of Directors, and the SSF will not consult with Primerica's Board of Directors regarding the SSF's daily activities.

The Commission has concluded that some spun-off companies remained affiliated with their former parent, in part, because of bylaw provisions that entrenched the positions of board members appointed by the former parent and limited control by shareholders. *See* Advisory Opinion 1987-21 (MAXUS Energy) (all current members of former subsidiary's board were selected by the former parent and "the spun-off corporation's articles of incorporation and by-laws make it very difficult to wrest control of the new corporation from the control of the previously appointed board"), Advisory Opinion 1986-42 (Dart & Kraft) (former parent elected entire board for subsidiary and "took steps . . . to perpetuate the control . . . for the foreseeable future and to make it more difficult for shareholders to acquire control" of the former subsidiary). The Commission has found other spin-off companies with some indicia of an entrenched board not to be affiliated, however, when other factors such as a lack of overlap in boards of directors were present. *See* Advisory Opinion 2007-12 (Tyco) (selection of pre-spin-off board by parent outweighed by "minimal nature of director, officer, and employee overlap, the background of the board members selected, and vigorous trading of the shares in the companies resulting in a diversification in the groups of persons holding shares" in the companies), Advisory Opinion 1993-23 (Pacific Telesis) (significance of provisions aimed at preventing outside

[12] Mr. Mark Mason, Chief Executive Officer of Citi Holdings, currently serves as Citigroup's representative on Primerica's Board of Directors.

[13] Ms. Yastine was employed by Citigroup and its predecessors from 1987 to 2002. *See* http://investors.primerica.com/od.aspx?iid=4245322 (last viewed June 5, 2012).

or hostile takeovers that entrenched the positions of board members appointed by the former parent and that limited the control by shareholders were minimized by a complete lack of overlap of boards of directors).

The provisions of Primerica's Bylaws and Certificate of Incorporation contain certain elements of an entrenched board. These include (i) staggered board membership classes; (ii) some ability of the board to increase its size and to fill vacancies without shareholder approval; (iii) the inability of shareholders to remove directors without cause, and then only by a supermajority of the voting shares; and (iv) a requirement of an affirmative vote by 80 percent of the issued shares to amend such provisions. *See* Bylaws, Art. III, sec. 1; Revised Certificate of Incorporation at 8.

Nonetheless, as in Advisory Opinion 2007-12 (Tyco) and Advisory Opinion 1993-23 (Pacific Telesis), the Commission concludes that the effect on Primerica of Citigroup's pre-spin-off selection of the majority of Primerica's current Board of Directors is outweighed by other factors. These factors include: (1) the minimal degree of overlap between Primerica's and Citigroup's directors and officers; (2) the minimal connection to Citigroup of Primerica's board members; and (3) the absence of Citigroup ownership of Primerica stock.

Thus, Citigroup's limited ability to participate in the governance of Primerica and its SSF also suggests that the entities are not affiliated.

(C) Whether a sponsoring organization or committee has the authority or ability to hire, appoint, demote or otherwise control the officers or other decisionmaking employees of another sponsoring organization or committee.

Citigroup has only minimal authority or ability to hire, appoint, demote or otherwise control the officers or other decisionmaking employees of Primerica, and will have even less authority or ability to do so for Primerica's SSF. 11 CFR 100.5(g)(4)(ii)(C), 110.3(a)(3)(ii)(C).

All members of the Board hold equal voting rights with regard to key personnel decisions associated with corporate officers. The Board as a whole has the authority to elect, remove, and fix the salaries of all corporate officers. The Board also possesses the sole power to fill a vacancy in the positions of chief executive officer, president, corporate secretary and corporate treasurer, and may create and fill other corporate officer positions as the need arises.

As discussed above, Citigroup has only one representative on Primerica's Board of Directors. This representative is not a member of the Nominating and Corporate Governance Committee, which identifies and nominates candidates for the Board.[14]

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[14] "The members of the Nominating and Corporate Governance Committee must meet the Independence requirements of the New York Stock Exchange corporate governance rules and all other applicable laws, rules and regulations governing director independence, as determined by the Board." Nominating and Corporate Governance Committee Charter at 1. "Because of his affiliation as an officer of Citi, Mr. Mason

Rather, he serves as only one of nine members, each of whom has an equal vote on matters before the Board. Further, while the Board has the authority to elect, remove, and fix the salaries of all corporate officers; fill vacancies in these position in the cases of death or resignation; and to create and fill other corporate officer positions as needed, Citigroup's representative has but one of nine votes on these matters.

Citibank's minimal control over Primerica's decisionmaking employees does not suggest that the entities are affiliated.

(D) Whether a sponsoring organization or committee has common or overlapping membership with another sponsoring organization or committee which indicates a formal or ongoing relationship between the sponsoring organizations or committees.

Neither Primerica nor Citigroup is a labor organization, membership organization, a cooperative, or a trade association. 11 CFR 100.5(g)(4)(ii)(D), 110.3(a)(3)(ii)(D). Accordingly, this factor does not apply here.

(E) Whether a sponsoring organization or committee has common or overlapping officers or employees with another sponsoring organization or committee which indicates a formal or ongoing relationship between the organizations or committee; and

(F) Whether a sponsoring organization or committee has any members, officers or employees who were members, officers, or employees of another sponsoring organization or committee which indicates a formal or ongoing relationship or the creation of a successor entity.

Other than the single representative on Primerica's Board of Directors, discussed above, Primerica and Citigroup do not have any common or overlapping officers or employees. 11 CFR 100.5(g)(4)(ii)(E), 110.3(a)(3)(ii)(E). Nor is there any indication that Primerica's SSF will have any common or overlapping officers or employees with Citigroup or Citigroup's SSFs.

As of December 31, 2011, over 86 percent of Primerica's employees were former Citigroup employees because they had been employed by Primerica when it was still a wholly-owned subsidiary of Citigroup. 11 CFR 100.5(g)(4)(ii)(F), 110.3(a)(3)(ii)(F). Although many key members of Primerica's current executive team were also employed by Primerica when it was a Citigroup subsidiary, they were not part of Citigroup's senior management team. Also, as discussed above, one current member of Primerica's Board of Directors was an officer of Citigroup some ten years ago.

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will not be considered independent under the rules applicable to companies listed on the NYSE until April 2013." Primerica's 2012 Proxy Statement at 8.

Corporations may be disaffiliated even when the former officers, directors or employees of one corporate entity continued to serve as officers, directors, or employees of the spun-off entity. For example, in Advisory Opinion 2007-12 (Tyco), the Commission found two spun-off companies not to be affiliated either with each other or with the company from which they had spun, even though two of 11 directors of one spun-off entity, and three of 11 directors of a second spun-off entity, had previously served as directors or officers of the pre-spin-off company. The presence of former directors or officers was "merely a function of the division of a major corporation into three parts." Advisory Opinion 2007-12 (Tyco).

In this instance, a high percentage of Primerica's employees are former Citigroup employees because they were employed by Primerica when it was a subsidiary of Citigroup. As in Advisory Opinion 2007-12 (Tyco), this is no more than a function of a parent company spinning off a subsidiary corporation. Under these circumstances, Primerica's employment of former Citigroup employees does not indicate a formal or ongoing relationship between the companies or the creation of a successor entity.

In sum, these factors do not suggest that Primerica and Citigroup are affiliated.

(G) Whether a sponsoring organization or committee provides goods in a significant amount or on an ongoing basis to another sponsoring organization or committee. and

(H) Whether a sponsoring organization or committee causes or arranges for funds in a significant amount or on an ongoing basis to be provided to another sponsoring organization or committee.

Citigroup and its SSF do not provide goods in a significant amount or on an ongoing basis to Primerica, and will not do so for Primerica's SSF. 11 CFR 100.5(g)(4)(ii)(G), 110.3(a)(3)(ii)(G). Citigroup provides services to Primerica under agreements that are in line with industry standards and at fair market rates. 11 CFR 100.5(g)(4)(ii)(H), 110.3(a)(3)(ii)(H). Citigroup will not fund or otherwise support Primerica's SSF.

At the time of the corporate reorganization and spin-off, Primerica and Citigroup entered into a number of agreements that set forth the terms under which assets, liabilities, business opportunities, tax consequences, and other matters would be divided between them. For example, the Separation Agreement between Primerica and Citigroup provides for "phase out" trademark licensing, equity purchase rights, indemnification, and noncompetition between the companies, among other provisions. Many of these provisions are transitional in nature and of reasonably short duration. *See, e.g.*, Separation Agreement, sec. 3.4 (Termination of Trademark Licenses). Moreover, two agreements regarding the provision of services between the companies – the Transition Services Agreement and the Long-Term Services Agreement – are no longer in force, the former having expired on October 6, 2011, and the latter having been terminated on July

1, 2011. Similarly, Citigroup's right to be the sole underwriter for the refinancing of Primerica's Note, discussed below, has also lapsed.[15] *See* Note Agreement, sec. 8.4(b).

At the time of the corporate reorganization and spin-off, Primerica and Citigroup also entered into several co-insurance agreements for policies written by Primerica and its subsidiaries and underwritten by Citigroup subsidiaries. The requestor states that, "[t]o the best of [its] knowledge, all co-insurance and co-insurance trust agreements . . . represent standard co-insurance contracts that are fully in line with insurance industry standards."

The requestor has explained that these agreements were entered into "for the purpose of facilitating an orderly business transition during [the spin-off]." The requestor further represents that "none of the agreements . . . were designed to undermine Primerica's status as a fully independent company in the wake of its spin-off or to make Primerica a formal affiliate of Citigroup or successor to its corporate interests."

With regard to funding, Primerica and Citigroup entered into a Note Agreement, under which Primerica issued to Citigroup a note in the amount of $300 million, payable at 5.5 percent interest and due on March 31, 2015. Primerica has explained that the Note Agreement contains "standard terms and fair market value interest rates" as of the time of the Agreement's execution.

Separation agreements after corporate spin-offs often provide for some continuing transactions between the companies. Even when the agreements entail substantial financial arrangements, however, the Commission has accepted representations that they merely sorted out the companies' post-spin-off obligations rather than continuing one company's control. *See* Advisory Opinion 2007-12 (Tyco) (citing advisory opinions). Here, the Commission accepts Primerica's statement that these agreements were entered into "for the purpose of facilitating an orderly business transition during Primerica's corporate spin-off, rather than for the purpose of perpetuating Citigroup's control over" Primerica or to create a formal affiliate or successor to Citigroup's corporate interests.

In addition to these agreements, Primerica and Citigroup have also provided each other with administrative support through the provision of services contracts. For example, Primerica currently sublets office space from Citigroup in Long Island City, N.Y. for $75,000 per month, and receives certain mail, security, voice, conferencing, and other services from Citigroup, and various outside providers, in connection with the sublease. The requestor represents that the fee paid by Primerica to Citigroup for these services "represents a rate that is commensurate with the fair market value at the time of the execution of the sublease for office space of comparable quality in the Long Island City section of the New York City borough of Queens." Primerica and Citigroup have also provided each other with organizational services since the end of the Transition

[15] Citigroup currently has the right to participate as a bookrunning underwriter or placement agent (but not necessarily the sole bookrunning underwriter or placement agent) for any such refinancing.

Services Agreement. The requestor represents that, "[a]t all times, . . . the party receiving organizational assistance has paid a fair market price for such services."

Disaffiliated companies may maintain some customer-supplier relationships. *See* Advisory Opinion 2009-18 (Penske Truck Leasing), Advisory Opinion 2000-28 (ASHA), Advisory Opinion 2003-21 (Lehman Brothers), Advisory Opinion 2004-41 (CUNA Mutual), Advisory Opinion 2007-13 (United American Nurses), Advisory Opinion 1996-42 (Lucent Technologies). The provision of funding or goods and services between the companies in these prior advisory opinions was either not significant or represented arm's length transactions at commercially reasonable rates. The Commission recognized that those "'transactions, rather than illustrating the continued affiliation of the two organizations, instead can be seen as part of the process to establish the independence and separation of [an entity] from its organizational parent.'" Advisory Opinion 2007-13 (United American Nurses) (quoting Advisory Opinion 2000-28 (ASHA)). Based on Primerica's representations, the Commission concludes that such is the case here as well.

With respect to Primerica's planned SSF, Primerica represents that Citigroup will not pay any of the administrative, fundraising, or operational costs associated with the SSF. Nor will Citigroup provide any other form of support to the SSF.

Accordingly, the goods provided and financing arranged between Citibank and Primerica do not suggest that the entities are affiliated.

(I) *Whether a sponsoring organization or committee had an active or significant role in the formation of another sponsoring organization or committee.*

The relationship between the entities is part of the assessment regarding affiliation. As Primerica's former parent company, Citigroup had an active role in the formation of Primerica as it exists today. 11 CFR 100.5(g)(4)(ii)(I), 110.3(a)(3)(ii)(I). One entity's involvement in the formation of a spun-off entity, however, "does not necessitate a finding of continued affiliation when significant changes in the relevant relationships have occurred, such as arrangements separating the operations of the companies and apportioning their assets and obligations and nearly complete separation of corporate leadership and personnel." Advisory Opinion 2007-12 (Tyco).

In light of the separation of business operations, arm's length agreements setting forth the obligations of both Citigroup and Primerica at each stage of the spin-off and post-separation, and the almost total separation of leadership and personnel, Citibank's role in the formation of Primerica does not require a finding that the entities are affiliated.

(J) *Whether the sponsoring organizations or committees have similar patterns of contributions or contributors which indicate a formal or ongoing relationship between the sponsoring organizations or committees.*

Primerica does not yet have an SSF on which to make comparisons to Citigroup's SSFs. 11 CFR 100.5(g)(4)(ii)(J), 110.3(a)(3)(ii)(J).

4. Conclusion

For the reasons given above, the Commission concludes that Primerica and Citigroup are disaffiliated. Citigroup no longer owns any Primerica stock, does not control the day-to-day operations of Primerica, and has only one representative on Primerica's nine-member Board of Directors. In addition, Citigroup's only involvement in the formation of Primerica's SSF will be through its sole representative on Primerica's Board, whose role will be minimal, and will not extend to the administration of that SSF. While Primerica and Citigroup still hold certain coinsurance contracts and a note agreement and provide certain administrative assistance to each other, Primerica represents that these contracts reflect arm's length transactions that are standard in the industry and reflect fair market value.

This response constitutes an advisory opinion concerning the application of the Act and Commission regulations to the specific transaction or activity set forth in the request. *See* 2 U.S.C. 437f. The Commission emphasizes that, if there is a change in any of the facts or assumptions presented, and such facts or assumptions are material to a conclusion presented in this advisory opinion, then the requestor may not rely on that conclusion as support for its proposed activity. Any person involved in any specific transaction or activity which is indistinguishable in all its material aspects from the transaction or activity with respect to which this advisory opinion is rendered may rely on this advisory opinion. *See* 2 U.S.C. 437f(c)(1)(B). Please note that the analysis or conclusions in this advisory opinion may be affected by subsequent developments in the law including, but not limited to, statutes, regulations, advisory opinions, and case law. All of the cited advisory opinions are available on the Commission's website at http://saos.nictusa.com/saos/searchao.

On behalf of the Commission,

(signed)
Caroline C. Hunter
Chair