



NATIONAL CREDIT UNION ADMINISTRATION  
Washington, D.C. 20456

October 29, 1986

GC/HMU:sg  
4675

Office of General Counsel

Mr. Anthony J. Ellrod  
Law Offices George Mazarakis  
1176 San Vicente Blvd.  
Suite 206  
Los Angeles, CA 90049

Dear Mr. Ellrod:

This is in response to your letter of June 27, 1986, concerning the offering of a promotion (a trip to Mexico) to a Federal credit union (FCU) (to be given to an employee of the FCU) in connection with a relocation service offered by your client.

From the limited information set forth in your letter, it is our understanding that your client's program works as follows. Your client wishes to offer its relocation service through FCU's. The FCU will send out a mailing to its members describing the relocation service. As part of its program, your client wishes to offer each participating FCU an "Employee of the Year" incentive where the client will give a gift certificate for a trip for two to Mexico to the FCU's designated employee.

FCU's may offer a third party vendor's relocation service to their members pursuant to Part 721 of the NCUA Rules and Regulations, 12 C.F.R. Part 721. However, Section 721.2(c) states, in part:

"No official or employee or any immediate family member of an official or employee may receive any compensation or benefit, directly or indirectly, in conjunction with any activity under this regulation." (Emphasis added.)

Therefore, it is not permissible for an FCU's employee to receive the trip to Mexico. We reach no conclusion as to compliance with any other state or Federal law.


FOIA File - Vol II, D<sub>1</sub> - Group Purchasing

Mr. Anthony J. Ellrod

Page Two

I hope that we have been of assistance. Please contact Hattie Ulan of this Office if further questions arise.

Sincerely,



STEVEN R. BISKER  
Assistant General Counsel

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