



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

Office of General Counsel

July 12, 1989

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Gary Greenwald, Esq.
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P.O. Box 627
Greenbelt, Maryland 20770

Re: Prize Promotion (Your June 12, 1989, Letter)

Dear Mr. Greenwald:

You have asked whether it is permissible for a Federal credit union ("FCU") to target a promotion for a special certificate account to members between the ages of 30 through 70, who have \$500 or less in their FCU shares accounts. The FCU Act and NCUA Rules and Regulations do not explicitly prohibit this activity.

BACKGROUND

An FCU wants to offer a special certificate account for members within a specific age group (approximately age 30 through age 70) who have \$500 or less in their FCU share accounts. The FCU wishes to offer a premium to these members if they place a certain amount of money in a share certificate account.

ANALYSIS

Section 107(6) of the FCU Act (12 U.S.C. 1757(6)) authorizes an FCU to accept shares. Section 701.35(a) of the NCUA Rules and Regulations (12 C.F.R. 701.35(a)) states:

(a) Federal credit unions may offer share, share draft, and share certificate accounts in accordance with Section 107(6) of the Act (12 U.S.C. §1757(6)) and the board may declare dividends on such accounts as provided in Section 117 of the Act (12 U.S.C. §1763).

The Equal Credit Opportunity Act (12 C.F.R. §202) prevents age discrimination in credit transactions, not in acceptance of accounts. Neither the FCU Act nor the NCUA Rules and Regulations

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addresses the issue of age discrimination in the promotion of special accounts by FCU's. While it is the opinion of this Office that FCU's are not prohibited from participating in this activity by the FCU Act or NCUA Rules and Regulations, you must consider state or other Federal laws that may be applicable to such promotions.

Please note that we do not endorse this type of promotion; this opinion only concerns the legality of the promotion under the FCU Act and NCUA Rules and Regulations.

Sincerely,

Hattie M. Ulan

HATTIE M. ULAN
Assistant General Counsel