



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

August 24, 1990

Peter J. Carbrey, President  
VAJP Federal Credit Union  
150 South Huntington Avenue  
Boston, MA 02130

Re: Sale of Lottery Tickets (Your March  
20, 1990, Letter to Region I)

Dear Mr. Carbrey:

Your letter to Region I regarding the permissibility of installing a lottery machine in your credit union has been forwarded to this Office for a response. As Region I indicated in its initial response, such activity is not permissible.

ANALYSIS

The FCU Act empowers an FCU to perform numerous activities including the exercise of "such incidental powers as shall be necessary or requisite to enable it to carry on effectively the business for which it is incorporated." 12 U.S.C. §1757(17). In addition to its express and incidental powers, an FCU may perform certain minor goodwill services for the convenience of its members with no profit involved. See Arnold Tours, Inc. v. Camp, 472 F.2d 427, 433 (1st Cir. 1972). Since the sale of lottery tickets is not an express power, the activity would only be permissible if it were considered an incidental power or a goodwill service.

Under Arnold Tours, the court held that in order for an activity to be incidental for a national bank it must be useful or convenient in connection with the performance of one of its express powers. 472 F.2d at 432. In our opinion, the sale of lottery tickets is not useful or convenient in connection with the performance of any of an FCU's express powers. The National Credit Union Administration has taken

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the position that FCU's may not offer lottery tickets for over twenty years, and we see no reason to depart from it now.

Sincerely,

*Hattie M. Ulan*

Hattie M. Ulan  
Associate General Counsel

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SSIC 3500  
90-0509

cc: Regional Director, Region I