



NATIONAL CREDIT UNION ADMINISTRATION

WASHINGTON, D.C. 20456

January 25, 1991

David B. Beckhorn  
Chief Operating Officer  
Wegmans Federal Credit Union  
2599 E. Henrietta Rd.  
Rochester, NY 14623

Re: Money Order Product (Your November 12, 1990,  
Letter)

Dear Mr. Beckhorn:

You have asked whether Wegmans Federal Credit Union (the FCU) may become involved in a money order product to be sold to members and nonmembers of the FCU. Yes.

Background

The FCU is sponsored by Wegmans Food Markets, Inc. (Wegmans). Wegmans wishes to create money orders in its name and sell them at its stores to both members and nonmembers of the FCU. Wegmans would use its account at the FCU to clear the money orders and would give a portion of the fee charged the money order purchaser to the FCU to offset the administrative costs of the account.

Analysis

FCUs can only engage in activities that are either expressly authorized by the FCU Act or are incidental to an express power (see 12 U.S.C. §1757(17)). We have stated that incidental to its authority to receive shares from a member (12 U.S.C. §1757(6)), an FCU may make disbursements on behalf of that member to third parties. Assuming that Wegmans is a member of the FCU, the FCU may clear money orders issued by Wegmans. In addition, the FCU may be compensated by Wegmans for the administrative costs of the account.

Sincerely,

*Hattie M. Ulan*

Hattie M. Ulan  
Associate General Counsel

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FOIA - Vol. I, Part I (checks + money orders)  
FOIA Vol. II, Part H (miscellaneous services)