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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

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Honorable F. Edward Hébert
House of Representatives

My dear Mr. Hébert:

I have your letter of January 21, 1953, requesting my views with respect to comment received from Mr. Bernard L. Peuler, Sr., New Orleans, Louisiana, which you quote as follows:

"I understand that a recent Comptroller General decision provides that vending machines may be operated in the Post Office Department and that the profits derived therefrom may continue to be applied to employee recreation activities. If this be factual, I shall appreciate your advice as to whether this practice might also apply to other Federal Agencies."

The decision referred to by Mr. Peuler apparently is that of December 10, 1952, B-112840, 32 Comp. Gen. 282, to the Postmaster General, and had to do, among other things, with the disposition of funds derived by employee groups from the installation of vending machines at various post offices. It was stated therein that contractual arrangements for the installment purchase, installation, and operation of vending machines at various post offices were made by postal employee groups with administrative approval, and with the understanding that any proceeds received by the employee groups from the operation of the machines could be retained by them. It was concluded that while the legal authority of the administrative officials to have agreed to such an arrangement is doubtful, this Office would interpose no objection to the continued use of proceeds derived by employee groups from the operation of vending machines for employee general welfare activities pending further action in the matter by the Congress in the form of clarifying legislation as recommended in the report of this Office to the Congress of August 10, 1949, B-45101.

The conclusion reached in that decision, while directed to the administrative problems arising in the Post Office Department is for application in similar situations arising in the other Federal de-

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partments and agencies. See 28 Comp. Gen. 69, 71. A copy of the referred-to decision is enclosed herewith for your information.

I trust the foregoing information will be of assistance to you in formulating a reply to Mr. Peuler.

Sincerely yours,

E. L. Fisher

Acting Comptroller General
of the United States

Enclosure