

Maine Credit Union League

Credit Union Service Center
2 Ledgeview Drive • Westbrook, ME 04092
Mailing Address: P.O. Box 1236 • Portland, ME 04104
773-5671 • 1-800-442-6715 www.maineicul.org

October 8, 2009

Members of the Joint Standing
Committee on Judiciary
c/o Office of Policy and Legal Analysis
13 State House Station
Augusta, Maine 04333

Dear Senator Bliss, Representative Priest, distinguished members of the Joint Standing
Committee on Judiciary:

This letter is in response to the Judiciary Committee's Request for Comment concerning issues
raised by Public Law 2009, chapter 230. We are submitting this letter on behalf of Maine's 67
credit unions across the State.

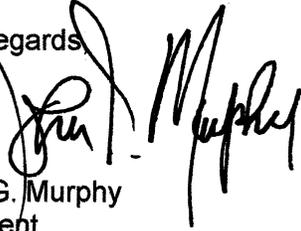
Last session the Maine Legislature passed this law in an effort to protect minors. Credit unions
were not involved in the original bill as drafted as it did not pertain to financial institutions.
However, the bill was subsequently broadened to prevent the transfer of "personal information"
of a minor to a third party, therefore capturing credit unions and causing significant unintended
consequences on financial institutions and their ability to provide a variety of financial services
to minors. For instance, under the law, a credit union could be prevented from providing a
minor with an ATM card due to the fact that the credit union would be required to transfer
personal information of the minor to a third party servicer in order to obtain the ATM card.
Similarly, a credit union may not be able to provide a minor with checks for a checking account
simply based on the fact that personal information of that minor would need to be shared with
the issuer of the checks. In terms of the prohibition of predatory marketing against minors,
under this law, a credit union could be prohibited from mailing a minor member their monthly
statements with the customary inserts advertising new products or special loan rates. These
examples depict the significant impact the application of P.L. 230 would have on the normal
course of business operations of Maine's credit unions.

As previously mentioned we were not involved in the public hearing or work session relative to
this bill due to its narrow scope. After reviewing the testimony and public hearing summary of
LD 1183, it does not appear that it was the intent of the Business, Research and Economic

Development Committee to place this broad restriction on credit unions. Furthermore, credit unions are subject to several rules and regulations that establish guidelines and standards for financial institutions who transfer information to third party vendors (see the Federal Gramm-Leach-Bliley Act and Maine's Confidential Financial Records Act) as well as regulations that maintain how financial institutions market products to consumers (see the Fair and Accurate Credit Transactions Act, Regulation Z of the Truth in Lending Act and Regulation DD of the Truth in Savings Act). Therefore, our suggested solution would be to remove the reference to "personal information", thereby bringing the legislation back to its original form that did not receive opposition from interested parties. As an alternative, we would be supportive of a repeal of Public Law 230 with the added commitment to work with all stakeholders next session to pass a bill that accomplishes the original intent of LD 1183.

Thank you for your time and your request for comment on this important issue to our industry. Quincy Hentzel will be available for the two meetings scheduled on October 15th and 16th and will be happy to provide any additional information that the committee requests.

Best regards,



John G. Murphy
President
Maine Credit Union League
(207) 773-5671 ext. 260
jmurphy@mainecul.org



Quincy H. Hentzel
Director of Governmental Affairs
Maine Credit Union League
(207) 773-5671 ext. 255
qhentzel@mainecul.org