



House of Representatives

General Assembly

File No. 111

January Session, 2005

House Bill No. 6833

House of Representatives, March 30, 2005

The Committee on Banks reported through REP. DOYLE of the 28th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING CHECK CASHING AND WIRE TRANSFERS BY CREDIT UNIONS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 36a-455a of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective October 1, 2005*):

3 A Connecticut credit union may:

4 (1) Transact a general credit union business and exercise by its
5 governing board or duly authorized members of senior management,
6 subject to applicable law, all such incidental powers as are consistent
7 with its purposes. The express powers authorized for a Connecticut
8 credit union under this section do not preclude the existence of
9 additional powers deemed to be incidental to the transaction of a
10 general credit union business pursuant to this subdivision;

11 (2) (A) Issue shares to its members and receive payments on shares
12 from its members and from those nonmembers specified in subsection

13 (e) of section 36a-456a, subject to the provisions of sections 36a-290 to
14 36a-297, inclusive, 36a-330 to 36a-338, inclusive, and section 36a-456a,
15 (B) receive deposits of members and nonmembers subject to provisions
16 of sections 36a-456a and 36a-456b, (C) reduce the amount of its
17 member and nonmember shares and deposits, [and] (D) expel
18 members and cancel shares in accordance with section 36a-439a, and
19 (E) provide check cashing and wire and electronic transfer services to
20 nonmembers who are within such credit union's field of membership;

21 (3) Make and use its best efforts to make secured and unsecured
22 extensions of credit to its members in accordance with section 36a-265
23 and sections 36a-457a, 36a-457b and 36a-458a;

24 (4) Invest its funds in accordance with section 36a-459a;

25 (5) Declare and pay dividends in accordance with sections 36a-441a
26 and 36a-456c, and pay interest refunds to borrowers;

27 (6) Act as a finder or agent for the sale of insurance and fixed and
28 variable rate annuities directly, sell insurance and such annuities
29 indirectly through a Connecticut credit union service organization, or
30 enter into arrangements with third-party marketing organizations for
31 the sale by such third-party marketing organizations of insurance or
32 such annuities on the premises of the Connecticut credit union or to
33 members of the Connecticut credit union, provided: (A) Such
34 insurance and annuities are issued or purchased by or from an
35 insurance company licensed in accordance with section 38a-41; and (B)
36 the Connecticut credit union, Connecticut credit union service
37 organization or third-party marketing organization, and any officer
38 and employee thereof, shall be licensed as required by section 38a-769
39 before engaging in any of the activities authorized by this subdivision.
40 As used in this subdivision, "annuities" and "insurance" have the same
41 meanings as set forth in section 38a-41, except that "insurance" does
42 not include title insurance. The provisions of this subdivision do not
43 authorize a Connecticut credit union or Connecticut credit union
44 service organization to underwrite insurance or annuities;

45 (7) Borrow money to an amount not exceeding fifty per cent of the
46 total assets of the Connecticut credit union provided the credit union
47 shall give prior notice to the commissioner in writing of its intention to
48 borrow amounts in excess of thirty-five per cent of its total assets;

49 (8) Act as fiscal agent for the federal government, this state or any
50 agency or political subdivision thereof;

51 (9) Provide loan processing, loan servicing, member check and
52 money order cashing services, disbursement of share withdrawals and
53 loan proceeds, money orders, internal audits, automated teller
54 machine services and other similar services to other Connecticut credit
55 unions, federal credit unions and out-of-state credit unions;

56 (10) Provide finder services to its members, including the offering of
57 third party products and services through the sale of advertising space
58 on its web site, account statements and receipts, and the sale of
59 statistical or consumer financial information to outside vendors in
60 accordance with sections 36a-40 to 36a-45, inclusive, in order to
61 facilitate the sale of such products to the members of such Connecticut
62 credit union;

63 (11) With the prior approval of the commissioner, exercise fiduciary
64 powers;

65 (12) Maintain and rent safe deposit boxes within suitably
66 constructed vaults, provided the Connecticut credit union has
67 adequate insurance coverage for losses related to such rental;

68 (13) Provide certification services, including notary services,
69 signature guaranties, certification of electronic signatures and share
70 draft certifications;

71 (14) Act as agent (A) in the collection of taxes for any qualified
72 treasurer of any taxing district or qualified collector of taxes, or (B) for
73 any electric, electric distribution, gas, water or telephone company
74 operating within this state in receiving moneys due such company for
75 utility services furnished by it;

76 (15) Issue and sell securities which (A) are guaranteed by the
77 Federal National Mortgage Association or any other agency or
78 instrumentality authorized by state or federal law to create a
79 secondary market with respect to extensions of credit of the type
80 originated by the Connecticut credit union, or (B) subject to the
81 approval of the commissioner, relate to extensions of credit originated
82 by the Connecticut credit union and are guaranteed or insured by a
83 financial guaranty insurance company or comparable private entity;

84 (16) Establish a charitable fund, either in the form of a charitable
85 trust or a nonprofit corporation to assist in making charitable
86 contributions, provided (A) the trust or nonprofit corporation is
87 exempt from federal income taxation and may accept charitable
88 contributions under Section 501 of the Internal Revenue Code of 1986,
89 or any subsequent corresponding internal revenue code of the United
90 States, as from time to time amended, (B) the trust or nonprofit
91 corporation's operations are disclosed fully to the commissioner upon
92 request, and (C) the trust department of the credit union or one or
93 more directors or members of senior management of the credit union
94 act as trustees or directors of the fund;

95 (17) In the discretion of a majority of its governing board, make
96 contributions or gifts to or for the use of any corporation, trust or
97 community chest, fund or foundation created or organized under the
98 laws of the United States or of this state and organized and operated
99 exclusively for charitable, educational or public welfare purposes, or of
100 any hospital which is located in this state and which is exempt from
101 federal income taxes and to which contributions are deductible under
102 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
103 corresponding internal revenue code of the United States, as from time
104 to time amended;

105 (18) Subject to the provisions of section 36a-455b, sell, pledge or
106 assign any or all of its outstanding extensions of credit to any other
107 lending institution, credit union service organization or quasi-
108 governmental entity and any government-sponsored enterprise, and

109 act as collecting, remitting and servicing agent in connection with any
110 such extension of credit and charge for its acts as agent. Any such
111 credit union may purchase the minimum amount of capital stock of
112 such entity or enterprise if required by that entity or enterprise to be
113 purchased in connection with the sale, pledge or assignment of
114 extensions of credit to that entity or enterprise and may hold and
115 dispose of such stock, provided that with respect to purchases of stock
116 of a credit union service organization, the Connecticut credit union
117 shall not exceed the limitations of section 36a-459a. A Connecticut
118 credit union may purchase one or more outstanding extensions of
119 credit from any other lending institution and any federally-recognized
120 Native American tribe, provided there exists a formal written
121 agreement with tribal government to permit the credit union to service
122 and collect on such extensions of credit;

123 (19) Subject to the provisions of section 36a-455b, sell a participating
124 interest in any or all of its outstanding extensions of credit to and
125 purchase a participating interest in any or all of the outstanding
126 extensions of credit of any financial institution or credit union service
127 organization pursuant to an appropriate written participation and
128 servicing agreement to be signed by all parties involved in such
129 transaction;

130 (20) With the approval of the commissioner, join the Federal Home
131 Loan Bank System and borrow funds as provided under federal law;

132 (21) Subject to the provisions of section 36a-455b, sell all or part of
133 its assets, other than extensions of credit, to other lending institutions,
134 purchase all or part of the assets, other than extensions of credit, of
135 other lending institutions, and assume all or part of the shares and the
136 liabilities of any other credit union or out-of-state credit union;

137 (22) With the prior written approval of the commissioner, engage in
138 closely related activities, unless the commissioner determines that any
139 such activity shall be conducted by a credit union service organization
140 of the Connecticut credit union, utilizing such organizational,
141 structural or other safeguards as the commissioner may require, in

142 order to protect the Connecticut credit union from exposure to loss. As
 143 used in this subdivision, "closely related activities" means those
 144 activities that are closely related, convenient and necessary to the
 145 business of a Connecticut credit union, are reasonably related to the
 146 operation of a Connecticut credit union or are financial in nature
 147 including, but not limited to, business and professional services, data
 148 processing, courier and messenger services, credit-related activities,
 149 consumer services, services related to real estate, financial consulting,
 150 tax planning and preparation, community development activities, or
 151 any activities reasonably related to such activities;

152 (23) With the approval of the commissioner, engage in any activity
 153 that a federal credit union or out-of-state credit union may be
 154 authorized to engage in under state or federal law. The application for
 155 such approval shall be in writing and shall include a description of the
 156 activity, a description of the financial impact of the activity on the
 157 Connecticut credit union, citation of the legal authority to engage in
 158 the activity under state or federal law, a description of any limitations
 159 or restrictions imposed on such activity under state or federal law, and
 160 any other information that the commissioner may require. The
 161 commissioner shall approve or disapprove such activity not later than
 162 thirty days after the application filed is complete. The commissioner
 163 may impose any limitations or conditions to ensure that any such
 164 activity is conducted in a safe and sound manner with adequate
 165 consumer protections. The provisions of this subdivision do not
 166 authorize a Connecticut credit union or a Connecticut credit union
 167 service organization to sell title insurance.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	36a-455a

BA *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill allows Connecticut credit unions to provide check cashing and wire and electronic transfer services to certain individuals. The bill has no fiscal impact.

OLR Bill Analysis

HB 6833

***AN ACT CONCERNING CHECK CASHING AND WIRE TRANSFERS
BY CREDIT UNIONS***

SUMMARY:

This bill allows Connecticut credit unions to provide check-cashing and wire and electronic transfer services to individuals who, because they are a member of a certain group or live in certain area served by the credit union, are eligible to become members of the credit union, but do not wish to do so.

EFFECTIVE DATE: October 1, 2005

COMMITTEE ACTION

Banks Committee

Joint Favorable Report

Yea 18 Nay 0