

# MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

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Legislative Document

No. 379

S. P. 140

In Senate, January 27, 1971

Referred to Committee on Business Legislation. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Minkowsky of Androscoggin.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-ONE

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**AN ACT** Relating to Definitions and Credit Cards Under  
Truth-in-Lending Law.

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Be it enacted by the People of the State of Maine, as follows:

**Sec. 1.** R. S., T. 9, § 3903, sub-§ 1, §§ I - N, additional: Subsection 1 of section 3903 of Title 9 of the Revised Statutes, as enacted by section 35 of chapter 423 of the public laws of 1969, is amended by adding 6 new paragraphs, I to N, to read as follows:

**I. Adequate notice.** The term "adequate notice," as used in section 3927, means a printed notice to a cardholder which sets forth the pertinent facts clearly and conspicuously so that a person against whom it is to operate could reasonably be expected to have noticed it and understood its meaning. Such notice may be given to a cardholder by printing the notice on any credit card, or on each periodic statement of account, issued to the cardholder, or by any other means reasonably assuring the receipt thereof by the cardholder.

**J. Credit Card.** The term "credit card" means any card, plate, coupon book or other credit devise existing for the purpose of obtaining money, property, labor or services on credit.

**K. Accepted credit card.** The term "accepted credit card" means any credit card which the cardholder has requested and received or has signed or has used, or authorized another to use, for the purpose of obtaining money, property, labor or services on credit.

**L. Cardholder.** The term "cardholder" means any person to whom a credit card is issued or any person who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person.

M. Card issuer. The term "card issuer" means any person who issues a credit card, or the agent of such person with respect to such card.

N. Unauthorized use. The term "unauthorized use," as used in section 3927, means a use of a credit card by a person other than the cardholder who does not have actual, implied or apparent authority for such use and from which the cardholder receives no benefit.

Sec. 2. R. S., T. 9, §§ 3926 and 3927, additional. Title 9 of the Revised Statutes is amended by adding 2 new sections, to be numbered 3926 and 3927, to read as follows:

§ 3926. Issuance of credit cards

No credit card shall be issued except in response to a request or application therefor. This prohibition does not apply to the issuance of a credit card in renewal of, or in substitution for, an accepted credit card.

§ 3927. Liability of holder of credit card

A cardholder shall be liable for the unauthorized use of a credit card only if the card is an accepted credit card, the liability is not in excess of \$50, the card issuer gives adequate notice to the cardholder of the potential liability, the card issuer has provided the cardholder with a self-addressed, prestamped notification to be mailed by the cardholder in the event of the loss or theft of the credit card, and the unauthorized use occurs before the cardholder has notified the card issuer that an unauthorized use of the credit card has occurred or may occur as the result of loss, theft, or otherwise. Notwithstanding the foregoing, no cardholder shall be liable for the unauthorized use of any credit card which was issued on or after the effective date of this section, and, after January 24, 1972, no cardholder shall be liable for the unauthorized use of any credit card regardless of the date of its issuance, unless the conditions of liability specified in the preceding sentence are met and the card issuer has provided a method whereby the user of such a card can be identified as the person authorized to use it. For the purposes of this section, a cardholder notifies a card issuer by taking such steps as may be reasonably required in the ordinary course of business to provide the card issuer with the pertinent information whether or not any particular officer, employee, or agent of the card issuer does in fact receive such information.

In any action by a card issuer to enforce liability for the use of a credit card, the burden of proof is upon the card issuer to show that the use was authorized or, if the use was unauthorized, then the burden of proof is upon the card issuer to show that the conditions of liability for the unauthorized use of a credit card, as set forth in the first paragraph of this section, have been met.

Nothing in this section imposes liability upon a card holder for the unauthorized use of a credit card in excess of his liability for such use under other applicable law or under any agreement with the card issuer.

Except as provided in this section, a cardholder incurs no liability from the unauthorized use of a credit card.

**Sec. 3. R. S., T. 17, § 1635, repealed.** Section 1635 of Title 17 of the Revised Statutes, as enacted by section 1 of chapter 405 of the public laws of 1969, is repealed.

#### STATEMENT OF FACT

This amendment, in accordance with the legislative intent stated in section 2924 of the Maine Truth-in-Lending Act, amends that Act so as to require disclosure of information substantially similar to the requirements of the Federal Truth-in-Lending Act. This amendment is substantially similar to the amendment to the Federal Truth-in-Lending Act enacted by Congress in October of 1970. The section in Title 17 which this amendment would repeal covers the same subject matter, but to a very limited degree.