

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 177

S. P. 91

In Senate, January 25, 1979

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

Presented by Senator Chapman of Sagadahoc.

MAY M. ROSS, Secretary of the Senate.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT Prohibiting a Bank Holding Company from Owning more than One Type
of Financial Institution.**

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

9-B MRSA § 1013, sub-§ 1, as enacted by PL 1975, c. 500, § 1, is amended by adding at the end the following new paragraph:

A financial institution holding company which controls a commercial bank and any subsidiary of such a holding company shall not acquire or hold more than 5% of the stock of a stock savings bank or stock savings and loan association or gain control directly or indirectly of that institution. A financial institution holding company which controls a stock savings bank or stock savings and loan association and any subsidiary of such a holding company shall not acquire or hold more than 5% of the stock of a commercial bank or gain control directly or indirectly of that institution.

STATEMENT OF FACT

The purpose of this bill is to remove a loophole in the law regulating bank holding companies. Under current law, a Maine financial institution cannot hold more than 5% of the stock in another financial institution. This prevents, for

example, a mutual savings bank or savings and loan association from acquiring control of a commercial bank and operating it out of the same facilities. Under the banking law, a holding company may control a commercial bank and acquire a stock savings bank or stock savings and loan association and operate both out of the same facilities. This bill would prohibit commercial bank holding companies from acquiring a savings bank or savings and loan association just as those institutions are prohibited from acquiring a commercial bank.