MAINE STATE LEGISLATURE

The following document is provided by the

LAW AND LEGISLATIVE DIGITAL LIBRARY

at the Maine State Law and Legislative Reference Library

http://legislature.maine.gov/lawlib



Reproduced from scanned originals with text recognition applied (searchable text may contain some errors and/or omissions)

| | 1 2 | SECOND REGULAR SESSION |
|---|----------------------------|--|
| | 3 | ONE HUNDRED AND TENTH LEGISLATURE |
| • | 5 | Legislative Document No. 1793 |
| | 7 8 9 | H. P. 1808 House of Representatives, January 12, 1982 Submitted by the Department of Business Regulation pursuant to Joint Rule 24. On Motion of Representative Brannigan of Portland referred to the Committee on Business Legislation and ordered printed. |
| | 10 | EDWIN H. PERT, Clerk Presented by Representative Mitchell of Vassalboro. Cosponsors: Senator Trafton of Androscoggin and Senator Sutton of Oxford. |
| | 11 | |
| | 12 13 | STATE OF MAINE |
| | 14 15 16 | IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-TWO |
| | 17 18 19 20 21 | AN ACT to Provide Emergency Powers to the Superintendent of the Bureau of Banking to Expedite Mergers and Consolidations of Financially Troubled State-chartered Financial Institutions. |
| | 22 | Be it enacted by the People of the State of Maine as follows: |
| | 23 24 25 | Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and |
| | 26 27 28 29 30 | Whereas, the Revised Statutes, Title 9-B, governing mergers and consolidations of state-chartered financial institutions require procedures which are time consuming and costly and the expediency by which some mergers should be accomplished was not foreseen at the time the Maine Banking Code was adopted; and |

Whereas, the state of the economy with its continuing adverse impact on the financial industry may warrant immediate action by the superintendent to merge or consolidate financial institutions in order to protect depositors, shareholders or the public; and

Whereas, the federal regulatory agencies presently have the authority to act on merger or consolidation plans in an expeditious manner and the superintendent should have the authority to act in the same expeditious manner and provide concurrent regulatory action; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

9-B MRSA §354-A is enacted to read:

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

17

18

19 20

21

22

23

24 25

26

27

28

29

30 31

32

33

34

35

36

37

38

§354-A. Authority for expedited mergers and consolidations

Notwithstanding any other provision of law, following approval of the plan of merger or consolidation by a the board of directors of each participating vote of institution and receipt by the superintendent of copies of the authorizing resolutions adopted by the board of directors of each participating institution, the superintendent may order that the merger or consolidation effective immediately if he believes that the action is necessary for the protection of depositors, shareholders the public. Any person aggrieved by a merger or consolidation pursuant to this section shall be entitled to judicial review of the superintendent's order in accordance with the Maine Administrative Procedure Act, Title 5, chapter subchapter VII.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

Statement of Fact

The high inflation and interest rates, which have plagued our economic environment for the past 2 years, have led to substantial declines in earnings and eroded the capi-

tal base at some financial institutions. Mergers principal regulatory tool that can be helpful in preserving the assets of a troubled institution and continuing service 4 to its customers. The current process for merging, pursuant to the Maine Banking Code, normally takes 6 months to imple-5 ment. In some emergency situations it is necessary to merge 6 more expeditiously in order to preserve the remaining assets and provide uninterrupted service to the public. This bill 7 8 provides the Bureau of Banking with the authority to approve 9 mergers in a more expeditious manner. 10

1

2 3