

MAINE STATE LEGISLATURE

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ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 1393

H. P. 1014

House of Representatives, March 9, 1971

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

BERTHA W. JOHNSON, Clerk

Presented by Mr. Carey of Waterville.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT to Establish a Bank Holding Company Act.

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

R. S., T. 9, c. 13, additional. Title 9 of the Revised Statutes is amended by adding a new chapter 13 to read as follows:

CHAPTER 13

BANK HOLDING COMPANY ACT

§ 281. Short title

This chapter may be cited as the "Bank Holding Company Act."

§ 282. Purpose

The Bank Holding Company Act shall have for its purpose the maintenance of competitive services between banks by prevention of the expansion of bank holding companies and similar organizations.

§ 283. Definitions

As used in this chapter the following terms shall have the following meanings unless the context shall state another or different meaning or intent.

1. Bank. "Bank" shall mean any national banking association or any state bank, savings bank or trust company, whether organized under the laws of the State of Maine, the laws of another state or the laws of the United States.

2. Bank holding company. "Bank holding company" shall mean any company which directly or indirectly owns, controls or holds with power to

vote 25% or more of the voting shares of each of 2 or more banks or of a company which is a bank holding company by virtue of this chapter, or which controls in any manner the election of a majority of the directors of each of 2 or more banks, or for the benefit of whose shareholders or members, who individually or in combination having voting control of such company 25% or more of the voting shares of each of 2 or more banks or a bank holding company is held by trustees; and for the purposes of this chapter, any successor to any such company shall be deemed to be a bank holding company from the date as of which such predecessor company became a bank holding company. Notwithstanding the foregoing, no bank shall be a bank holding company by virtue of its ownership or control or shares in a fiduciary capacity, except where such shares are held for the benefit of the shareholders of such bank, no company shall be a bank holding company by virtue of its ownership or control of shares acquired by it in connection with its underwriting of securities and which are held only for such period of time as will permit the sale thereof upon a reasonable basis, and no company formed for the sole purpose of participation in a proxy solicitation shall be a bank holding company by virtue of its control of voting rights of shares acquired in the course of such solicitation.

3. Company. "Company" shall mean any bank, corporation, partnership, joint stock company, business trust, voting trust joint venture, association or similar organization, domestic or foreign, which is doing business in the State of Maine but shall not include any corporation or community chest, fund, or foundation, organized and operated exclusively for religious, charitable or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation.

4. Successor. "Successor" shall include any company which acquires directly or indirectly from a bank holding company shares of any bank, when and if the relationship between such company and the bank holding company is such that the transaction effects no substantial change in the control of the bank or beneficial ownership of such shares of such bank.

5. Subsidiary. "Subsidiary," with respect to a specified bank holding company, shall mean any company 25% or more of whose voting shares is owned or controlled by such bank holding company; or any company the election of a majority of whose directors is controlled in any manner by such bank holding company; or any company 25% or more of whose voting shares are held by trustees for the benefit of the shareholders or members of such bank holding company.

§ 284. Prohibited acts; exceptions

It shall be unlawful for any action to be taken which results in a company becoming a bank holding company as defined in this chapter; for any bank holding company to acquire direct or indirect ownership or control of any voting shares of any bank if, after such acquisition, such company will directly or indirectly own or control more than 5% of the voting shares of such bank; for any bank holding company or subsidiary thereof, other than a bank to

acquire all or substantially all of the assets of a bank; or for any bank holding company to merge or consolidate with any other bank holding company. Notwithstanding the foregoing, this prohibition shall not apply to shares acquired by a bank, in good faith in a fiduciary capacity, except where such shares are held for the benefit of the shareholders of such bank, or in the regular course of securing or collecting a debt previously contracted in good faith, but any shares acquired after the date of enactment of this chapter in securing or collecting any such previously contracted debt shall be disposed of within a period of 2 years from the date on which they were acquired; or additional shares acquired by a bank holding company in a bank in which such bank holding company owned or controlled a majority of the voting shares prior to such acquisition.

§ 285. Penalty for violation

Any company which willfully violates any provisions of this chapter shall, upon conviction, be fined not less than \$500 nor more than \$5,000 for each day during which the violation continues. Any individual who willfully participates in a violation of any provision of this chapter shall, upon conviction, be fined not more than \$10,000 or imprisoned not more than one year, or both.

STATEMENT OF FACT

The purpose of this Act is to prevent any further incorporations of bank holding companies in the State of Maine and to prevent any further acquisitions by existing bank holding companies or other banks within the State of Maine.