

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)

ONE HUNDRED AND FIFTH LEGISLATURE

Legislative Document

No. 1516

H. P. IIII

House of Representatives, March 16, 1971

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

BERTHA W. JOHNSON, Clerk

Presented by Mr. Ault of Wayne.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-ONE

AN ACT Authorizing Savings Banks to Convert to Trust Companies to Issue Checking Accounts.

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

Sec. 1. R. S., T. 9, §§ 733 to 739, additional. Title 9 of the Revised Statutes is amended by adding 7 new sections, 733 to 739, to read as follows:

§ 733. Conversion of a savings bank into a trust company

Upon adoption of a plan of conversion by the affirmative vote of at least $\frac{2}{3}$ of all of its corporators and all of its trustees, any savings bank incorporated under the laws of this State, hereinafter in sections 733 to 739 referred to as the "converting corporation," may, with the approval of the commissioner, convert into a trust company incorporated under the laws of this State, hereinafter in sections 733 to 739 referred to as the "resulting bank," subject to the requirements of trust companies and of sections 733 to 739.

§ 734. Plan of conversion

Except as hereafter provided in this section, each person who is a depositor of the converting corporation at the time when the plan of conversion is adopted and at the time when the conversion becomes effective, hereinafter in sections 733 to 739 referred to as the "effective date," shall, on the effective date, become a stockholder of the resulting bank, such a depositor being hereinafter in sections 733 to 739 referred to as a "depositor-stockholder." The shares of common stock of the resulting bank which shall be issued on the effective date shall be allocated among all of the depositor-stockholders according to the pro rata interest of each in the net assets of the converting

corporation, including its surplus fund, as of the effective date, remaining after adjustments effected in connection with the conversion and approved by the commissioner, such remaining net assets being hereinafter in sections 733 to 739 referred to as the "adjusted net asset value of the resulting bank". The plan of conversion shall provide for the payment of cash in lieu of the issuance of fractional shares and may provide for the payment of cash in lieu of the issuance of shares in the case of a depositor whose aggregate pro rata interest in the adjusted net asset value of the resulting bank on the effective date is \$100 or less. The pro rata interest of each depositor-stockholder is the adjusted net asset value of the resulting bank and shall be determined by dividing the aggregate amount of dividends paid or credited by the converting corporation on the deposit of each depositor-stockholder during the period from the date when his deposit was opened to the effective date by the aggregate amount of all dividends paid or credited by the converting corporation on all of the deposits of all of the depositor-stockholders.

§ 735. Capital; checking accounts; branches

The resulting bank shall have a capital and surplus at least equal to that required for the formation of a new trust company unless the commissioner waives the surplus requirement in which case the resulting bank shall, before declaring any dividend on its shares of common stock, carry not less than 10% of its net earnings of the preceding year to its surplus fund until it shall have a surplus equal to $\frac{1}{2}$ of its required capital. The resulting bank may increase its capital stock or issue preferred stock pursuant to sections 1000 and 1001. No savings bank shall offer or accept checking accounts unless it shall convert to a trust company, with the obligations thereof and pursuant to this chapter. The resulting bank may maintain any branch office previously maintained by the converting corporation.

§ 736. Regulations; hearing; approval of plan

The commissioner shall provide by regulation for procedures governing the consideration of the plan of conversion and the manner of carrying it out. The commissioner after notice to the public and notice by ordinary mail to depositors shall hold a hearing on the plan. The commissioner shall consider whether the plan of conversion meets the requirements of sections 733 to 739 and whether conditions in the locality in which the resulting bank will transact business offer reasonable promise of successful operation; the converting corporation shall be deemed to meet all of the other requirements applicable to consideration of an application for a charter for a new trust company. An appeal from the commissioner's decision may be taken in the manner provided in section 7. If the plan of conversion is approved by the commissioner, he shall endorse his approval thereon and the converting corporation shall become a trust company subject to all of the general statutes relating to the same and may commence business. One copy of the endorsed plan of conversion and approval shall be filed with the Secretary of State and one copy with the registry of deeds of the county in which the principal office of the resulting bank is located.

§ 737. Assumption of assets and liabilities; fiduciary powers; franchise tax

If the plan of conversion is approved by the commissioner, the entire assets, business and good will of the converting corporation shall be vested in the resulting bank on the effective date without any deed or transfer, provided the converting corporation may execute such deeds or instruments of conveyance as may be convenient to confirm such transfer, and the resulting bank shall assume and be liable for all debts, accounts, undertakings, contractual obligations and liabilities of the converting corporation and shall exercise and be subject to all the duties, relations, obligations, trusts and liabilities of the converting corporation whether as debtor, depository or otherwise, and shall be liable to pay and discharge all such debts and liabilities and to perform all such duties in the same manner and to the same extent as if the resulting bank had itself incurred the obligation or liability or assumed the duty or relation; and all rights of creditors and all liens upon the property of the converting corporation shall be preserved unimpaired and the resulting bank shall be entitled to receive, accept, collect, hold and enjoy any and all gifts, bequests, devises, conveyances and appointments in favor of or in the name of the converting corporation, whether made or created to take effect prior to or after such conversion. No such resulting bank shall exercise any of the fiduciary powers granted to trust companies by law until express authority therefor has been given by the commissioner. The franchise tax required to be paid by trust companies on an increase of capital stock shall be paid upon the capital stock of the resulting bank.

§ 738. Valuation of assets

With the approval of the commissioner and subject to such conditions as he may prescribe, the resulting bank may retain and carry at a value determined by the commissioner such of the assets of the converting corporation as do not conform to the legal requirements relative to assets acquired and held by trust companies.

§ 739. Withdrawal of deposits

Nothing contained in sections 733 to 739 shall be construed to impair the right of any depositor of the converting corporation or of the resulting bank at any time to obtain the repayment of his deposit and dividends or interest credited thereto, subject to the general statutes and the rules, regulations and other requirements imposed by the converting corporation.

STATEMENT OF FACT

The purpose of this bill is to authorize any savings bank desiring to exercise the rights of a trust company, such as to offer and accept checking accounts, to convert into a trust company. It would thereby be subject to the same capital and reserve requirements of a trust company for the proper protection of its depositors and the public.