

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)

(EMERGENCY)
FIRST SPECIAL SESSION

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 2374

S. P. 833

In Senate, January 16, 1974

Referred to the Committee on Veterans and Retirement. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Fortier of Oxford.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-FOUR

AN ACT Relating to Custody of State Trust and Retirement Fund Securities.

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, provisions of existing law have been interpreted as not adequate to provide for safekeeping of certain securities by a subagent; and

Whereas, emergency legislation is considered vitally necessary to permit use of available powers granted to trustees individually or corporate under the law; and

Whereas, the available powers above referred to are now denied Maine banks with respect to their custodianship of State Trusts; and

Whereas, clarification is immediately necessary to prevent depletion of public funds which otherwise must be relocated; 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,

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

Sec. 1. R. S., T. 5, § 138, amended. The last sentence of the 3rd paragraph of section 138 of Title 5 of the Revised Statutes, as amended by section

2 of chapter 181 of the public laws of 1971, is further amended to read as follows:

Such services shall consist of the safekeeping of said securities ~~in vaults of the bank or safe deposit company~~, collection of interest and dividends, periodical checks of the portfolio deposited for safekeeping to determine all calls for redemption, in whole or in part, of any bonds owned by such funds, and any other fiscal service which is normally covered in a custodial contract or agreement. **In performing services under any such contract or agreement, the contracting bank shall have all of the powers and duties prescribed for trust companies by the Revised Statutes, Title 9, section 1093, and for fiduciaries and others by the Revised Statutes, Title 9, section 1096.**

Sec. 2. R. S., T. 5, § 138, amended. The last sentence of the 4th paragraph of section 138 of Title 5 of the Revised Statutes is amended to read as follows:

The contracting bank shall give assurance of proper ~~internal~~ safeguards, which are usual to such contracts, and shall furnish insurance protection satisfactory to both parties.

Sec. 3. R. S., T. 5, § 139, amended. The last sentence of the 2nd paragraph of section 139 of Title 5 of the Revised Statutes, as amended by section 5 of chapter 181 of the public laws of 1971, is further amended to read as follows:

Such services shall consist of the safekeeping of said securities ~~in vaults of the bank or safe deposit company~~, collection of interest and dividends, periodical checks of the portfolio deposited for safekeeping to determine all calls for redemption, in whole or in part, of any bonds owned by such funds, and any other fiscal service which is normally covered in a custodial contract or agreement. **In performing services under any such contract or agreement, the contracting bank shall have all of the powers and duties prescribed for trust companies by the Revised Statutes, Title 9, section 1093, and for fiduciaries and others by the Revised Statutes, Title 9, section 1096.**

Sec. 4. R. S., T. 5, § 139, amended. The last sentence of the 3rd paragraph of section 139 of Title 5 of the Revised Statutes is amended to read as follows:

The contracting bank shall give assurance of proper ~~internal~~ safeguards which are usual to such contracts, and shall furnish insurance protection satisfactory to both parties.

Sec. 5. R. S., T. 5, § 1031, sub-§ 16, amended. The last sentence of the first paragraph of subsection 16 of section 1031 of Title 5 of the Revised Statutes, as repealed and replaced by section 5 of chapter 59 of the public laws of 1967, is amended to read as follows:

Such services shall consist of the safekeeping of said negotiable securities ~~in the vaults of the bank, trust company or safe deposit company~~, preparation of coupons for collection, the actual collection of such coupons, periodic checks of the portfolio deposited for safekeeping to determine all calls for re-

demption, in whole or in part, of any bonds owned by the retirement system, and any other fiscal service which is normally covered in a custodial contract or agreement. In performing services under any such contract or agreement, the contracting bank shall have all of the powers and duties prescribed for trust companies by the Revised Statutes, Title 9, section 1093, and for fiduciaries and others by the Revised Statutes, Title 9, section 1096.

Sec. 6. R. S., T. 5, § 1031, sub-§ 16, amended. The last sentence of the 2nd paragraph of subsection 16 of section 1031 of Title 5 of the Revised Statutes, as last repealed and replaced by section 5 of chapter 59 of the public laws of 1967, is amended to read as follows:

The contracting bank shall give assurance of proper ~~internal~~ safeguards, which are usual to such contracts, and shall furnish insurance protection satisfactory to both parties.

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

STATEMENT OF FACT

The purpose of this bill is to bring the provisions in the Treasurer's and the Retirement Statutes in conformity with Title 9, the Banking Statute, and thereby incorporate the broader powers granted to trustees under Title 9 by the 106th Legislature.