

MAINE STATE LEGISLATURE

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SECOND REGULAR SESSION

ONE HUNDRED AND EIGHTH LEGISLATURE

Legislative Document

No. 1992

S. P. 633

Office of the Secretary of the Senate

The Committee on Business Legislation suggested. Approved for Introduction by the Legislative Council pursuant to Joint Rule 24 and 2,500 ordered printed.

MAY M. ROSS, Secretary

Presented by Senator Snowe of Androscoggin.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-EIGHT

AN ACT Relating to the Organization and Operation of Mutual Financial Institution Holding Companies.

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

9-B MRSA c. 103, is enacted to read:

CHAPTER 103

MUTUAL FINANCIAL INSTITUTION

HOLDING COMPANIES

§ 1101. Purpose and intent

By enactment of this chapter, it is declared to be the purpose of the State of Maine to provide a statutory means whereby mutual financial institutions, while still continuing to exist as separate entities, may organize and enter into agreements with a mutual financial institution holding company for the purpose of promoting efficiency and economy in the operation of those institutions subject to the prior approval, supervision and regulation of the Bureau of Banking. It is further intended that an agreement between a mutual financial institution and a mutual financial institution holding company may provide for the exercise by the holding company of policy-making, operation and management functions for or in behalf of the institution. Performance of all these functions by the holding company shall be subject to all pertinent provisions of law governing the actions and operation of mutual financial institutions and the board of directors of the institution shall retain its traditional legal responsibilities.

§ 1102. Definitions

For the purposes of this chapter, the following words shall have the following meanings.

1. **Mutual financial institution holding company.** “Mutual financial institution holding company” means any corporation organized by 2 or more mutual financial institutions authorized to do business in the State, substantially all of the activities of which consist of performing policy-making, operation and management functions for or in behalf of affiliate mutual financial institutions.

2. **Affiliate mutual financial institution.** “Affiliate mutual financial institution” means any mutual financial institution authorized to do business in the State that has entered into an agreement which provides for the performance of policy-making, operation and management functions for or on behalf of that institution by a mutual financial institution holding company which has been organized pursuant to this chapter.

§ 1103. Authority to organize.

Any 2 or more mutual financial institutions authorized to do business in this State may form a mutual financial institution holding company in accordance with the procedures and subject to the conditions and limitations set forth in this section.

1. **Adoption of plan.** The board of directors of each participating mutual financial institution shall adopt by majority vote a resolution to organize jointly with one or more other mutual financial institutions a mutual financial institution holding company. The board of directors of each participating mutual financial institution shall also adopt by majority vote a plan for the organization and operation of a mutual financial institution holding company, which plan shall include:

- A. The names of the proposed affiliate institutions and their locations;
- B. The names of the proposed organizers of the mutual financial institution holding company;
- C. A statement of the purpose for which the mutual financial institution holding company is to be formed;
- D. The names, addresses and occupations of directors of the holding company who are to serve until the initial meeting of the holding company or until their successors are elected and qualified, and the names, addresses and occupations of the directors who shall be voted on at the initial meeting;
- E. A statement of the manner in which the plan will be carried into effect, including a description of the manner and particulars of the proposed delegation of policy-making, operation and management functions of the proposed affiliate institutions, to the mutual financial institution holding company;
- F. A copy of the proposed charter and bylaws of the mutual financial institution holding company;
- G. A statement that the plan is subject to the approval of the superintendent; and
- H. Any other provisions and details which may be necessary to carry out the plan or which the superintendent may require.

2. **Vote of corporators or members.** The plan shall be submitted to the corporators or members of the participating institutions for their approval at an annual meeting, or at a special meeting called for that purpose, in the following manner.

A. Notice of such meeting shall be published at least once a week for 3 successive weeks in a newspaper or newspapers of general circulation in the county or counties where each participating institution's principal office is located, the last of which notices shall be published at least 15 days prior to the meeting. Copies of the notice shall be mailed to each corporator or member at his last known address, and shall also be posted in a conspicuous place in all offices of the participating institutions, at least 15 days prior to the meeting.

B. A $2/3$ vote of the corporators or members of each participating institution shall be necessary to approve the plan presented by its board of directors. Any corporator or member not present at the meeting in person shall be regarded as having affirmatively voted for the plan and shall be counted among the required $2/3$ vote, provided that notice of this fact shall have been contained in the published and mailed notices, and provided further that the notice was mailed to the corporator or member as required in paragraph A.

3. **Superintendent's approval.** Following approval by the corporators or members of each participating institution, the plan, together with certified copies of the authorized resolutions adopted by the board of directors and the corporators or members of each institution, shall be forwarded to the superintendent for his approval or disapproval pursuant to sections 252 and 253. If the superintendent disapproves the plan, the reasons for the disapproval shall be stated in writing and furnished by the superintendent to the participating institutions, which shall be given an opportunity to amend the plan to obviate the reasons for disapproval.

No filing by the participating institutions under this subsection shall be considered complete by the superintendent unless accompanied by an application fee for \$1,000 payable to the Treasurer of State to be credited and used as provided in section 214.

§ 1104. Organization

1. First meeting; adoption of articles and bylaws; elections

A. Within 30 days after an order of the superintendent, under section 252, approving the plan has become final, the first meeting of the incorporators and subscribers to stock in the holding company shall be called by a notice signed by that incorporator or subscriber who was designated in the plan for that purpose or by a majority of the incorporators and subscribers. The notice shall state the time, place and purposes of the meeting. At least 3 days before the date appointed for the meeting, a copy of the notice shall be given to each incorporator and subscriber, or left at his residence or usual place of business, or deposited in the post office addressed to him at his residence or usual place of business, and another copy thereof, together with an affidavit of one of the incorporators or subscribers that the notice has been duly served, shall be recorded with the records of the holding company. If all the incorporators and subscribers shall waive, in writing indorsed upon the application to organize, the notice and fix the time and place of the meeting, no notice shall be required.

B. At the first meeting or at any adjournment thereof, the incorporators and subscribers shall by ballot select a temporary clerk, adopt articles of incorporation and bylaws and, in such manner as the bylaws may determine, elect directors, a president, a

clerk and any other officers which the bylaws may prescribe. All the officers so elected shall be sworn to the faithful performance of their duties.

C. The temporary clerk shall make and attest a record of the proceedings until the clerk has been chosen and sworn, including a record of that choice and qualification.

D. Within 10 days after adoption of the articles of incorporation and bylaws, the clerk shall file with the superintendent copies thereof; and, within 15 days after receipt, the superintendent shall approve or disapprove the articles and bylaws, after examining the articles and bylaws for conformance with the requirements of this Title.

2. **Submission to Secretary of State.** Following the meeting required under subsection 1, the directors so elected shall submit an attested copy of the holding company's articles of incorporation to the Secretary of State, who shall determine whether the articles satisfy the requirements of Title 13-A. If these requirements are met, and the superintendent has approved the articles, the Secretary of State shall file the articles of incorporation pursuant to Title 13-A, chapter 4. The filing of the articles of incorporation by the Secretary of State shall authorize the transaction of business by the holding company.

§ 1105. Agreements

Any agreement entered into between an affiliate mutual financial institution and a mutual financial institution holding company for the purpose of providing for the exercise of policy-making, operation and management functions of the affiliate institution by the holding company shall be filed with the superintendent, who shall examine it for conformance with the requirements of this chapter and the organization plan of the holding company and approve or disapprove the agreement according to his findings.

§ 1106. Joint liability

The directors of a mutual financial institution holding company shall share jointly with the directors of those mutual financial institutions which are affiliated with the holding company the responsibility and liability for the faithful performance of their duties and any other liabilities existing and applicable under the law.

§ 1107. Rules and regulations; supervision

1. **Rules and regulations.** The superintendent shall have the power and authority to promulgate, under section 251, any rules and regulations which he deems necessary and appropriate to carry out the intent of this chapter and to govern the conduct and management of mutual financial institution holding companies.

2. **Reports and examinations.** The superintendent may require any mutual financial institution holding company to furnish any reports and submit to any examination which he deems appropriate to the proper supervision of mutual financial institution holding companies.

3. **General supervision.** The superintendent shall have the same power and authority over and with respect to mutual financial institution holding companies, their directors, officers and employees as he has with respect to mutual financial institutions generally under this Title.

§ 1108. Additional affiliates

Any mutual financial institution authorized to do business in the State may become affiliated with an existing mutual financial institution holding company upon the approval

of a majority of the directors of the holding company, and, upon its compliance with the requirements of sections 1103 and 1105, except that the plan adopted by its directors and corporators shall be a plan for the participation of the institution in the ownership of the holding company and for the affiliation of the institution and any other information which the superintendent may require.

STATEMENT OF FACT

The purposes of this bill are stated in that part designated as “section 1101, purpose and intent.”