

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

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ONE HUNDRED AND NINTH LEGISLATURE

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**Legislative Document**

**No. 1285**

H. P. 1049

House of Representatives, March 19, 1979

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

EDWIN H. PERT, Clerk

Presented by Mr. Kelleher of Bangor.

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STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-NINE

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**AN ACT to Prohibit Interlocks of Corporate Banking Positions by Professional Firms.**

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

**9-B MRSA § 468** is enacted to read:

**§ 468. Interlocks by professional firms**

**1. Prohibited interlocks. No member, partner, officer or professional employee or associate of any professional service firm, partnership, corporation or association doing business in this State may serve as a director, corporator, officer or employee of a financial institution, credit union or financial institution holding company authorized to do business in this State if any other member, partner, officer or professional employee or associate of that professional service firm, partnership, corporation or association also serves as a director, corporator, officer or employee of a financial institution, credit union or financial institution holding company authorized to do business in this State.**

**2. Exceptions. The prohibitions contained in subsection 1 shall not apply where the members, partners, officers or professional employees or associates, as the case may be, are serving as directors, corporators, officers or employees, as the case may be, of a financial institution holding company and its subsidiaries, or of subsidiaries of a parent financial institution holding company.**

**3. Grandfather provision. The prohibitions contained in subsection 1 shall not apply to any person who is presently serving as a director, corporator, officer or employee until his term in that capacity expires or until 2 years from the effective date of this section, whichever comes first.**

#### STATEMENT OF FACT

The purpose of this bill is to prohibit the interlocking of corporate banking positions by partners and associates of professional firms, such as lawyers, doctors and accountants. The banking code currently bars an individual from serving as a director of 2 different banks. The rationale for this prohibition, minimizing conflicts of interest and maximizing competition, is obvious. Identical interests require that, for example, members of the same law firm be prohibited from sitting on more than one bank's board of directors. The bill prohibits this but permits, for instance, a firm's partners to serve as directors of 2 or more subsidiaries of a single bank holding company or as directors of the parent company and its subsidiaries. Those individuals serving at the effective date of Title 9-B, section 468 would be allowed to sit for 2 more years or serve out their term, whichever is shorter.