

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)

1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 354

7 H.P. 295

House of Representatives, February 1, 1983

8 On Motion of Representative Brannigan of Portland referred to the
9 Committee on Business Legislation. Sent up for concurrence and ordered
printed.

10 EDWIN H. PERT, Clerk

Presented by Representative Racine of Biddeford.
Cosponsor: Representative Soucy of Kittery.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Amend the Banking Code Regarding
18 Directors' Meetings and Regarding
19 Service Corporations.
20

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

23 Sec. 1. 9-B MRSA §326, sub-§2, ¶A, as enacted by
24 PL 1975, c. 500, §1, is repealed and the following
25 enacted in its place:

26 A. The directors shall hold at least 6 monthly
27 meetings each year at a time fixed in the bylaws.
28 In any month in which the directors do not meet,
29 the executive committee shall meet and a record
30 of the meeting of the executive committee shall
31 be ratified at the next board meeting.

32 Sec. 2. 9-B MRSA §445, sub-§1, as enacted by PL
33 1975, c. 500, §1, is amended to read:

1. Authorization. A financial institution may form or invest in the capital stock, obligations or other securities of a service corporation, as defined in section 131, or otherwise participate in or utilize the service of such a corporation.

Sec. 3. 9-B MRSA §445, sub-§4, as amended by PL 1975, c. 666, §21, is further amended to read:

4. Joint ownership. A service corporation formed pursuant to this section may be owned by 2 or more institutions engaged in the business of banking; provided that the superintendent shall approve such joint ownership in accordance with section 252. In approving or disapproving joint ownership of a subsidiary, the superintendent may, in addition to the criteria set forth in section 253, consider the type of institutions making application, and the competitive effect of such joint ownership. An application for approval required by this subsection is not complete unless accompanied by an application fee to be credited and used as provided in section 214.

STATEMENT OF FACT

Section 1 changes the requirement for thrift institution directors' meetings from 12 monthly meetings to 6 monthly meetings a year. Given the geographic distances now served by some banks, it may become increasingly difficult to get directors to attend monthly meetings. This section provides flexibility, allowing the executive committee to meet in lieu of the entire board while still providing the board with information about the functioning of the bank through executive committee minutes.

The Banking Code presently allows financial institutions to participate in service corporations which may be jointly owned. Such participation in, and joint ownership of, a service corporation is subject to the approval of the superintendent. A question has been raised whether present law authorizes a financial institution to form and operate a service corporation without the participation of another

1 financial institution. This appears to be unintentional and unnecessarily inhibits institutions from
2 engaging in activities which are permissible for a
3 service corporation.
4

5 Section 2 amends the law to provide expressly for
6 formation of a service corporation by a single bank.

7 Section 3 requires that a fee accompany an application for approval of joint ownership of a service
8 corporation.
9

10

1133010583