

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 998

7 H.P. 768

House of Representatives, March 3, 1983

8 Submitted by the Department of Business Regulation pursuant to Joint
9 Rule 24.

10 Referred to the Committee on Business Legislation. Sent up for concur-
rence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Brannigan of Portland.

11 Cosponsors: Senator Collins of Knox, Representative Gwadosky of Fair-
field and Senator Charette of Androscoggin.

12 STATE OF MAINE
13

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

17 AN ACT to Regulate Interstate Bank
18 Ownership.
19

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

22 Sec. 1. 9-B MRSA §1011, sub-§§7 and 8 are
23 enacted to read:

24 7. Non-Maine financial institution holding com-
25 pany. "Non-Maine financial institution holding com-
26 pany" means a financial institution holding company,
27 the operations of which are principally conducted
28 outside this State.

29 8. Principally conducted. The operations of a
30 financial institution holding company are "prin-
31 cipally conducted" in the jurisdiction in which the
32 total deposits of its financial institution subsid-
33 aries are largest.

1 Sec. 2. 9-B MRSA §1013, sub-§2, as enacted by PL
2 1975, c. 500, §1, is amended to read:

3 2. Acquisition by out-of-state company; reci-
4 procuity. A non-Maine financial institution holding
5 company that controls one or more financial insti-
6 tutions outside of the State of Maine may establish
7 or acquire control of one or more Maine financial
8 institutions or Maine financial institution holding
9 companies with the prior approval of the superinten-
10 dent; provided that the state in which the operations
11 of the subsidiary financial institutions of such
12 financial institution holding company are principally
13 conducted authorizes the establishment of, or acquisi-
14 tion of control of, financial institutions or finan-
15 cial institution holding company in that state by
16 Maine financial institution holding companies, under
17 conditions no more restrictive than those imposed by
18 this chapter Title, as determined by the superinten-
19 dent. This subsection shall not become effective
20 until January 1, 1978-

21 Sec. 3. 9-B MRSA §1013, sub-§§3, 4 and 5 are
22 enacted to read:

23 3. Requirements for acquisition or establish-
24 ment. A non-Maine financial institution holding com-
25 pany may establish, acquire or maintain control of a
26 Maine financial institution or Maine financial insti-
27 tution holding company with prior approval of the
28 superintendent, when and for as long as the following
29 conditions are satisfied.

30 A. The Maine financial institution or Maine
31 financial institution holding company to be
32 established or acquired shall enter into an
33 agreement with the superintendent to provide
34 reports and permit examination of its records to
35 the extent deemed necessary by the superintendent
36 to ensure compliance with this section and other
37 relevant provisions of this Title and any regula-
38 tions promulgated thereunder. If the financial
39 institution to be established or acquired is
40 federally chartered, the agreement may provide
41 that compliance examination information shall be
42 provided by the federal agency responsible for
43 supervision of that financial institution. The

1 superintendent may specify the information which
2 requires verification, and shall be provided a
3 report of that status of compliance by the fed-
4 eral agency.

5 B. A Maine financial institution or Maine finan-
6 cial institution holding company, control of
7 which is to be acquired or held, shall have, on
8 the date of acquisition or establishment, and
9 shall maintain a minimum equity capital which the
10 superintendent determines acceptable given the
11 market area to be served and the general plan of
12 business of the Maine financial institution or
13 Maine financial institution holding company.
14 Equity capital shall be maintained consistent
15 with sound banking practices.

16 4. Application; information on "net new funds"
17 to be brought to Maine. The application for the ac-
18 quisition or establishment shall address the issue of
19 how the transaction will bring "net new funds" to
20 Maine. It shall include, but not be limited to, a
21 discussion of initial capital investments, loan
22 policy, investment policy, dividend policy and the
23 general plan of business, including the full range of
24 consumer and business services which will be offered.
25 Annual reports shall be provided to the bureau which
26 detail the compliance with the policies and plans
27 contained in the application and their impact on the
28 satisfaction of the "net new funds" requirement. The
29 bureau may require independent verification of data
30 to be certain the Maine financial institution remains
31 in compliance regarding its commitment to bring "net
32 new funds" into the State.

33 5. Regulations. The superintendent may promul-
34 gate regulations to supplement the requirements of
35 this section.

36 Sec. 4. 9-B MRSA §1015, sub-§1, ¶A, as enacted
37 by PL 1975, c. 500, §1, is amended to read:

38 A. Acquisition by a company of control of a
39 Maine financial institution or Maine financial
40 institution holding company, or establishment by
41 a company of a Maine financial institution or
42 Maine financial institution holding company;

1 Sec. 5. 9-B MRSA §1015, sub-§2, as enacted by PL
2 1975, c. 500, §1, is amended to read:

3 2. Criteria for approval. Applications for
4 approvals required in subsection 1 shall be filed
5 pursuant to procedures established by the superinten-
6 dent. Action on such applications shall be taken in
7 accordance with the requirements of section 252 and
8 shall be subject to the standards set forth in
9 section 253. An application filed pursuant to subsec-
10 ~~tion 1, paragraph B,~~ by a non-Maine financial insti-
11 tution holding company for the acquisition or estab-
12 lishment of a Maine financial institution or Maine
13 financial institution holding company is subject to
14 the additional requirement that the superintendent
15 find that the proposal would bring net new funds into
16 the State.

17 Sec. 6. 9-B MRSA §1019, sub-§2, as enacted by PL
18 1975, c. 500, §1, is amended to read:

19 2. Penalties. Any company violating any provi-
20 sion of this chapter, or any regulation promulgated
21 thereunder, shall be subject to a penalty of not more
22 than \$100 per day for each day the violation contin-
23 ues, to be recovered in a civil action in the name of
24 the State.

25 Any company or Maine financial institution violating
26 section 1013, subsection 3 or 4, or any regulation
27 promulgated under that section, shall be subject to a
28 penalty of not more than \$1,000 a day for each day
29 the violation continues. The superintendent shall
30 report the violation forthwith, with such remarks as
31 he deems appropriate, to the Attorney General, who
32 may forthwith institute a civil action therefor on
33 behalf of the State.

34 Sec. 7. 9-B, §§1019, sub-§3 is enacted to read:

35 3. Remedy for violation of section 1013. A
36 Maine financial institution or any financial institu-
37 tion holding company which violates section 1013
38 shall be deemed to be engaged in an unsafe or unsound
39 practice in conducting the business of the financial
40 institution or financial institution holding company
41 and the superintendent may utilize the provisions of

1 chapters 23 and 24 to remedy any such violation.

2

STATEMENT OF FACT

3 Maine banking law provides for acquisition of a
4 Maine financial institution or Maine financial insti-
5 tution holding company by a non-Maine financial
6 institution holding company, subject to the prior
7 approval of the superintendent, and provided that
8 reciprocity exists in the state in which the
9 non-Maine financial institution holding company is
10 located. The law further stipulates that any appli-
11 cation for interstate bank ownership be subject to
12 the additional requirement that the superintendent
13 find that the proposal would bring "net new funds"
14 into the State. This bill establishes the minimum
15 standards designed to satisfy the "net new funds" re-
16 quirement and also provides the superintendent with
17 the supervisory tools to assure that these conditions
18 are met. The definition of a non-Maine financial
19 institution is included. Additional references to
20 include holding companies is added to existing stat-
21 utes in order to clearly indicate their inclusion.
22 It establishes a \$1,000 per day penalty for viola-
23 tions of Title 9-B, section 1013, subsection 3 or 4,
24 and also provides for cease and desist powers as a
25 remedy for violations of Title 9-B, section 1013.

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