

# MAINE STATE LEGISLATURE

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1 (EMERGENCY)  
2 (After Deadline)  
3 FIRST REGULAR SESSION  
4

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5 ONE HUNDRED AND TWELFTH LEGISLATURE  
6

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7 Legislative Document

No. 1536

8  
9 H.P. 1056

House of Representatives, May 17, 1985

10 Approved for introduction by a majority of the Legislative Council  
11 pursuant to Joint Rule 27.

12 Reference to the Committee on Business and Commerce suggested and  
ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Brannigan of Portland.

13 Cosponsored by Senator Bustin of Kennebec, Representative Telow of  
Lewiston and Representative Armstrong of Wilton.

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14 STATE OF MAINE  
15

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16 IN THE YEAR OF OUR LORD  
17 NINETEEN HUNDRED AND EIGHTY-FIVE  
18

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19 AN ACT to Permit the Incorporation of  
20 Subsidiary Trust Companies.  
21

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22 Emergency preamble. Whereas, Acts of the Legis-  
23 lature do not become effective until 90 days after  
24 adjournment unless enacted as emergencies; and

25 Whereas, operation of multiple trust departments  
26 in the State by several banks belonging to the same  
27 bank holding company system creates inefficiencies  
28 and duplication of labor, giving rise to increased  
29 costs borne by the banks' customers and increased ad-  
30 ministrative and regulatory burdens on the Bureau of  
31 Banking; and

32 Whereas, the costs of operating and regulating  
33 bank trust departments, borne by consumers and tax-  
34 payers, could be reduced if trust departments oper-  
35 ated by banks that are parts of the same bank holding  
36 company system could be consolidated; and

1       Whereas, the Maine Banking Code, the Maine Re-  
2       vised Statutes, Title 9-B, does not currently permit  
3       this consolidation; and

4       Whereas, in the judgment of the Legislature,  
5       these facts create an emergency within the meaning of  
6       the Constitution of Maine and require the following  
7       legislation as immediately necessary for the preser-  
8       vation of the public peace, health and safety; now,  
9       therefore,

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

12      Sec. 1. 9-B MRSA §131, sub-§39-A is enacted to  
13      read:

14      39-A. Subsidiary. "Subsidiary" means a corpora-  
15      tion, partnership, business trust, association or  
16      similar organization, all of which are referred to in  
17      this subsection as "another company," owned or con-  
18      trolled by a financial institution or financial in-  
19      stitution holding company. A financial institution  
20      or financial institution holding company shall be  
21      deemed to control "another company" if the criteria  
22      set forth in section 1011, subsection 4, are met.

23      Sec. 2. 9-B MRSA §215, as enacted by PL 1975, c.  
24      500, §1, is amended to read:

25      §215. Rules

26      The superintendent shall have the power to imple-  
27      ment by rule ~~or regulation~~ any provision of law re-  
28      lating to the supervision of financial institutions  
29      or their subsidiaries or financial institution hold-  
30      ing companies or their subsidiaries or to amend or  
31      repeal such regulations rules, subject to section  
32      251.

33      Sec. 3. 9-B MRSA §231, sub-§1 ~~¶~~A, as enacted by  
34      PL 1975, c. 500, §1 is amended to read:

35      A. If, in the opinion of the superintendent, a  
36      financial institution or its subsidiary or finan-  
37      cial institution holding company or its

1        subsidiary subject to the provisions of this Ti-  
2        tle is engaging in or has engaged in, or he has  
3        reasonable cause to believe that ~~said~~ the insti-  
4        tution or company is about to engage, in, any of  
5        the following:

6                (1) An unsafe or unsound practice in con-  
7                ducting the business of such financial in-  
8                stitution or company;

9                (2) Violation of a law, rule or regulation  
10               relating to the supervision of such institu-  
11               tion or company;

12               (3) Violation of any condition, imposed in  
13               writing, in connection with the approval of  
14               any application by the superintendent;

15               (4) Violation of any written agreement en-  
16               tered into with the superintendent; or

17               (5) An anticompetitive or deceptive prac-  
18               tice, or one which is otherwise injurious to  
19               the public interest under chapter 24 or oth-  
20               erwise,

21        the superintendent shall have the power and au-  
22        thority to issue and serve an order upon such in-  
23        stitution or company requiring the institution or  
24        company to cease and desist from such violation  
25        or practice.

26        Sec. 4. 9-B MRSA §231, sub-§1, ¶C, as enacted by  
27        PL 1975, c. 500, §1, is amended to read:

28        C. Such order may require the officers or direc-  
29        tors of the institution or company or subsidiary  
30        to take affirmative action to correct any viola-  
31        tion or practice.

32        Sec. 5. 9-B MRSA c. 68 is enacted to read:

33                                CHAPTER 68

34                                SUBSIDIARY TRUST COMPANIES

35        §681. Definitions

1       As used in this chapter, unless the context indi-  
2       cates otherwise, the following terms have the follow-  
3       ing meanings.

4       1. Affiliated bank. "Affiliated bank" of a sub-  
5       sidiary trust company means any commercial bank which  
6       is a financial institution authorized to do business  
7       in this State and a subsidiary of the owning finan-  
8       cial institution holding company which owns the sub-  
9       sidiary trust company.

10      2. Other terms. "Other terms" means the defini-  
11      tions found elsewhere in this Title, including with-  
12      out limitation, those found in sections 131 and 1011,  
13      which shall apply to this chapter.

14      3. Owning financial institution holding company.  
15      "Owning financial institution holding company," when  
16      used with respect to a subsidiary trust company,  
17      means a financial institution holding company or  
18      Maine financial institution holding company which  
19      owns all of the outstanding voting stock of the sub-  
20      sidiary trust company and which owns or controls one  
21      or more affiliated banks.

22      4. Subsidiary trust company. "Subsidiary trust  
23      company" means a trust company organized pursuant to  
24      chapter 31 which is subject to this chapter and the  
25      articles of incorporation which contain the statement  
26      required by section 683, subsection 5. The term  
27      "trust company," when not preceded by the word "sub-  
28      sidiary," means a trust company as defined in and  
29      governed by this Title without reference to this  
30      chapter.

31      5. Trust office. "Trust office," when used with  
32      respect to a subsidiary trust company, means an of-  
33      fice of the subsidiary trust company maintained for  
34      the purpose of conducting its business, whether the  
35      principal office or a branch office.

36      §682. Organization of subsidiary trust companies

37      A subsidiary trust company shall be organized  
38      pursuant to chapter 31 and shall be managed and gov-  
39      erned as a trust company pursuant to this Title and  
40      the applicable provisions of Title 13-A. The equity

1 capital of subsidiary trust companies shall at all  
2 times be maintained consistent with sound banking  
3 practices. The superintendent shall determine the re-  
4 quired equity capital of the subsidiary trust company  
5 pursuant to chapter 31 and may, in light of that de-  
6 termination, require that the owning financial insti-  
7 tution holding company execute and file with the su-  
8 perintendent an undertaking, which may be limited as  
9 to duration or amount, or both, to guarantee the ob-  
10 ligations of the subsidiary trust company in respect  
11 of its fiduciary relationships. All of the outstand-  
12 ing voting stock of a subsidiary trust company shall  
13 be owned by the owning financial institution holding  
14 company.

15 §683. Business of subsidiary trust companies; limi-  
16 tation on powers

17 1. Powers limited. A subsidiary trust company  
18 shall have all of the powers of and be entitled to  
19 engage in the business of a trust company not subject  
20 to this chapter, including, without limitation, pow-  
21 ers with respect to fiduciary and trust functions and  
22 transactions; provided that a subsidiary trust compa-  
23 ny shall not have the power to solicit, receive or  
24 accept money or its equivalent on deposit as a regu-  
25 lar business within the meaning of section 131, sub-  
26 section 5 and provided further that a subsidiary  
27 trust company shall not have the power to lend money  
28 except in transactions reasonably related to and de-  
29 riving from its service as fiduciary or its conduct  
30 of trust business. A subsidiary trust company shall  
31 also be authorized to deposit cash, whether consti-  
32 tuting principal or income, in any affiliated bank or  
33 other financial institution authorized to do business  
34 in this State, in a time account or demand account,  
35 if the account is held either in the name of the  
36 trust to which the cash belongs or in the name of the  
37 subsidiary trust company and composed entirely of  
38 cash belonging to trust accounts, the respective con-  
39 tributions of which are reflected in the books and  
40 records of the subsidiary trust company.

41 2. Provisions applicable. Without limiting the  
42 generality of subsection 1, a subsidiary trust compa-  
43 ny shall have the powers and be subject to the limi-  
44 tations, applicable to trust companies set forth in

1 section 443, subsections 2, 3 and 4; section 623,  
2 other than paragraphs E and F; sections 625, 641,  
3 662, 663, 664 and 665. The enumeration of the forego-  
4 ing provisions of this Title shall not be held to  
5 make other sections of this Title inapplicable if  
6 those sections would otherwise be applicable to sub-  
7 subsidiary trust companies pursuant to subsection 1.

8       3. Provisions inapplicable. Without limiting the  
9 generality of subsection 1, the following provisions  
10 of this Title shall not apply to subsidiary trust  
11 companies: Chapter 42; chapter 43, section 443, other  
12 than subsections 2, 3 and 4; sections 612, 613, 621,  
13 622, chapter 63 and section 666. The enumeration of  
14 the foregoing provisions of this Title shall not be  
15 held to make other sections of this Title applicable  
16 if those sections would otherwise be inapplicable to  
17 subsidiary trust companies pursuant to subsection 1.

18       4. Name. No subsidiary trust company may use as  
19 a part of the name or title under which its business  
20 is conducted or in designating its business the word  
21 or words "bank," "banker," "banking" or the plural of  
22 any such word or words or any abbreviation of the  
23 words. Every subsidiary trust company shall include  
24 as a part of its name the words "trust company."

25       5. Articles of incorporation. The articles of  
26 incorporation of a subsidiary trust company shall  
27 contain the following statement: "This corporation is  
28 subject to the Maine Revised Statutes, Title 9-B,  
29 chapter 68 and Acts supplementing or amending that  
30 chapter, and shall not have the power to solicit, re-  
31 ceive or accept money or its equivalent on deposit or  
32 to lend money except for lending reasonably related  
33 to and deriving from its service as fiduciary or its  
34 conduct of trust business." The foregoing provision  
35 of the articles of incorporation of a subsidiary  
36 trust company shall not be amended.

37       6. Subsidiary trust company. A subsidiary trust  
38 company shall, if it may do so practically, notify  
39 its customers, other than persons becoming customers  
40 pursuant to section 686, in writing at the inception  
41 of its relationship with them that it is affiliated  
42 with but not a part of any of its affiliated banks. A  
43 subsidiary trust company shall also seek the written

1 acknowledgement of each customer receiving the noti-  
2 fication that the customer has received the notifica-  
3 tion.

4 7. Rules. The superintendent shall have the pow-  
5 er to prescribe rules governing the activities of  
6 subsidiary trust companies.

7 §684. Trust offices

8 1. Offices and branches permitted. Notwithstand-  
9 ing section 332, subsection 2 and section 336, sub-  
10 section 1, a subsidiary trust company may open and  
11 occupy a trust office, including its principal office  
12 or a branch office, at any one or more locations in  
13 this State at which the owning financial institution  
14 holding company or any affiliated bank has an office,  
15 whether a principal office or a branch office, with-  
16 out the prior approval of the superintendent.

17 2. Superintendent approval. Any other trust of-  
18 fice, whether a principal office or a branch office,  
19 of a subsidiary trust company shall be established  
20 only with the prior approval of the superintendent as  
21 provided in chapter 33 and no trust office of a sub-  
22 subsidiary trust company may be closed, relocated or  
23 terminated, except with the prior approval of the su-  
24 perintendent as provided in chapter 33.

25 §685. Interstate banking

26 1. Minimum equity capital. The requirements of  
27 section 1013, subsection 3, paragraph B, as to fixed  
28 minimum amounts of equity capital shall not apply to  
29 a subsidiary trust company, but nothing in this chap-  
30 ter may diminish the authority of the superintendent  
31 as to the required equity capital of a subsidiary  
32 trust company pursuant to that section or the re-  
33 quirements of paid-in capital for a subsidiary trust  
34 company under chapter 31.

35 2. Net new funds. Section 1013, subsection 4 and  
36 section 1015, subsection 2, shall not apply to the  
37 establishment, acquisition or maintenance of control  
38 of a subsidiary trust company.



1     §686. Transfer of fiduciary relationships from af-  
2         filiated banks to subsidiary trust companies

3         1. Petition. At any time or times after the is-  
4         suance to it by the superintendent of the certificate  
5         authorizing the subsidiary trust company to begin  
6         transacting its business pursuant to section 313,  
7         subsection 5, paragraph B, a subsidiary trust company  
8         may apply by petition to the Superior Court or Pro-  
9         bate Court in and for the county in which its princi-  
10        pal office is located requesting that it be substi-  
11        tuted for each of its affiliated banks specified in  
12        the petition in every existing fiduciary capacity  
13        designated in the petition and in the case of the  
14        first petition, in every fiduciary capacity which may  
15        take effect after the date on which that petition is  
16        filed.

17        A. Each such specified affiliated bank shall  
18        join in the petition. Notice of the filing of the  
19        petition shall be given prior to the filing to  
20        the superintendent.

21        B. The petition shall indicate the county where-  
22        in the principal office of each affiliated bank  
23        joining in the petition is located and shall des-  
24        ignate each fiduciary relationship existing at  
25        the date of the petition with respect to which  
26        the subsidiary trust company requests substitu-  
27        tion. The petition shall additionally set forth,  
28        with regard to each existing fiduciary relation-  
29        ship designated in the petition, the name and ad-  
30        dress last known to the petitioner of each person  
31        entitled to receive notice of hearing on the pe-  
32        tition, to wit:

33            (1) In the case where an affiliated bank  
34            specified in the petition is acting with one  
35            or more cofiduciaries in respect to the fi-  
36            duciary relationship, each such cofiduciary;

37            (2) In the case where the instrument creat-  
38            ing the fiduciary relationship so provides,  
39            each person who, alone or together with oth-  
40            ers, may revoke, terminate or amend the in-  
41            strument or remove the corporate fiduciary;

1           (3) In the case of any trust not described  
2           in subparagraph (2), each beneficiary enti-  
3           tled or permitted, on the date the petition  
4           is filed, to receive income from the trust  
5           pursuant to the terms of the petition, and  
6           each person who would be presumptively enti-  
7           tled to any portion of the principal of the  
8           trust if all income interests in the trust  
9           terminated on the date the petition was  
10          filed;

11          (4) In the case of the estate of any dece-  
12          dent, each person who would have a claim to  
13          succession to any property of the decedent  
14          under the testacy status upon which the fi-  
15          duciary has been authorized to proceed;

16          (5) In the case of any conservatorship, to  
17          each person whose assets are the subject of  
18          the conservatorship and to each guardian of  
19          the person, if any such guardian has been  
20          appointed and is a person other than an af-  
21          filiated bank;

22          (6) In the case of any person described in  
23          subparagraphs (1) to (5) that is a charita-  
24          ble institution or a charitable trust lo-  
25          cated within the State, the Attorney Gener-  
26          al; and

27          (7) In all cases, the superintendent.

28          C. In the case of any person entitled to receive  
29          notice pursuant to paragraph B, who is a minor or  
30          who is known by the petitioner or any affiliated  
31          bank to be subject to any other disability, in-  
32          cluding confinement in a penal institution, and  
33          for whom no guardian, other than an affiliated  
34          bank, has been appointed, and in the case of any  
35          person of whose estate an affiliated bank is con-  
36          servator and for whom no guardian, other than an  
37          affiliated bank, has been appointed, and in the  
38          case of any person whose identity or whereabouts  
39          is unknown, the court may, in its discretion, ap-  
40          point one or more guardians ad litem to represent  
41          the interests of that person. Title 18-A, sec-  
42          tion 1-403 shall govern in determining the prop-

erty of any such appointments.

2. Notice. When any petition described in subsection 1, has been filed, the court in which the petition has been filed shall enter an order fixing a date and time for hearing on the petition, which date shall not be less than 35 days after the filing of the petition and approving the form of notice to be given by the petitioner as provided in this section. At least 25 days prior to the hearing date the petitioner shall cause a copy of the notice to be mailed by first class mail to each person identified in the petition as being entitled to receive notice under this section, at the person's address last known to the petitioner as set forth in the petition. In addition, the petitioner shall cause a copy of the notice to be published at least once a week for 3 successive weeks preceding the hearing date, the first publication to be at least 25 days prior to the hearing date, the publication to be in a newspaper of general circulation in each county in which the principal office of an affiliated bank specified in the petition is located.

3. Contents of notice. The notice to be mailed and published with respect to each petition shall state the time and place of the hearing, the name of the subsidiary trust company which has filed the petition, the name of each affiliated bank which has joined in the petition, that the petition requests that the subsidiary trust company be substituted for each of its affiliated banks specified in the petition in every existing fiduciary capacity designated in the petition and, if appropriate, in every fiduciary capacity which may take effect after the petition has been filed and that any person to whom the notice is addressed may file an objection as provided in and in accordance with subsection 4. All costs incurred in connection with the printing, mailing and publishing of the notice shall be borne by the petitioner.

4. Objections. Any person entitled to receive notice under this section may, as to the fiduciary relationship by which he is affected, object to the substitution of the subsidiary trust company as fiduciary. Any such person wishing to object must file a written objection to the substitution, setting forth

1 the reasons for the substitution, with the court in  
2 which the petition has been filed and serve a copy  
3 upon the attorney for the petitioner, at least 3 days  
4 before the date of hearing and must appear at the  
5 hearing in person or by an attorney.

6 5. Order. On the date fixed for the hearing on  
7 the petition, upon making a determination that notice  
8 has been properly given as required by this section,  
9 the court shall enter an order substituting the sub-  
10 subsidiary trust company for each of its specified af-  
11 filiated banks in every designated existing fiduciary  
12 capacity and, in the case of the first petition by  
13 the petitioner, in every fiduciary capacity which may  
14 take effect after the filing of the petition, except-  
15 ing fiduciary capacities in any existing relationship  
16 with respect to which an objection has been filed  
17 pursuant to and in accordance with subsection 4, pro-  
18 vided that in the case of a fiduciary relationship  
19 where more than one person would be entitled under  
20 this article to object to substitution of the subsidi-  
21 ary trust company, the properly made objection by  
22 less than all of the persons shall be considered by  
23 the court which shall, in its sole discretion, de-  
24 termine whether the substitution shall be ordered. In  
25 the case of a fiduciary relationship in respect of  
26 which an objection has been properly made by any per-  
27 son who is entitled pursuant to this article to ob-  
28 ject to the substitution, the court may, in its dis-  
29 cretion, determine that the resignation of the affil-  
30 iated bank will be accepted in respect of the fiduci-  
31 ary relationship, if the court shall determine that  
32 the resignation will be accepted, it shall enter an  
33 order substituting a different bank, trust company,  
34 national bank or subsidiary trust company, which  
35 shall have given its written consent to such a sub-  
36 stitution prior to the entry of the order. In con-  
37 struing the language of any instrument which is the  
38 subject of a proceeding pursuant to this section,  
39 nothing contained in this section may be considered  
40 to abrogate or affect the terms of the instrument  
41 creating the fiduciary relationship. Upon entry of  
42 the court's order, the subsidiary trust company  
43 shall, without further act, be substituted in every  
44 such fiduciary capacity.

1       6. Substitution. In respect of each fiduciary  
2 capacity, existing and future, as to which substitu-  
3 tion has been ordered pursuant to this section, each  
4 designation of an affiliated bank as fiduciary in any  
5 capacity contained in any contract, will, order of  
6 any court or other document or instrument shall be  
7 deemed a designation of the subsidiary trust company  
8 substituted for the affiliated bank pursuant to this  
9 section.

10       A. Any grant in any such contract, will, order  
11 or other document or instrument of any rights,  
12 powers, duties or authorities, whether or not  
13 discretionary, shall be deemed conferred upon the  
14 subsidiary trust company deemed designated as the  
15 fiduciary pursuant to this section.

16       B. Following the entry of an order pursuant to  
17 this section, the petitioning subsidiary trust  
18 company shall, with respect to each fiduciary re-  
19 lationship affected by the order which is an es-  
20 tate of a deceased person, guardianship or con-  
21 servatorship, notify in writing the register of  
22 probate for the county in which the affected af-  
23 filiated bank was appointed to the affected fidu-  
24 ciary relationship of the substitution of the  
25 subsidiary trust company for the affected affli-  
26 ated bank in this fiduciary capacity. Each such  
27 notification shall contain the name of the af-  
28 fected estate, guardianship or conservatorship,  
29 the date on which the order was entered and the  
30 name of the court which entered it and shall re-  
31 cite that the order was entered pursuant to this  
32 section.

33       7. Assets. Upon substitution pursuant to this  
34 section, each affiliated bank shall deliver to the  
35 subsidiary trust company all assets held by the trust  
36 company as fiduciary, except assets held in capaci-  
37 ties with respect to which there has been no substi-  
38 tution pursuant to this section, and upon substitu-  
39 tion all such assets shall become the property of the  
40 subsidiary trust company without the necessity of any  
41 instrument of transfer or conveyance. Notwithstanding  
42 any provision in this Title to the contrary, after a  
43 substitution of existing fiduciary capacities pursu-  
44 ant to this section, an affiliated bank shall remain

1 jointly liable with the subsidiary trust company  
2 which has been substituted for it in respect of each  
3 of the existing fiduciary relationships as to which  
4 the substitution has been ordered, but the affiliated  
5 bank shall be entitled to a right of indemnification  
6 against the subsidiary trust company for all amounts  
7 paid by the affiliated bank as a result of the joint  
8 liability.

9 §687. Applicable laws and regulations

10 To the extent not inconsistent with this chapter,  
11 a subsidiary trust company shall be subject to the  
12 laws of this State generally applicable to trust com-  
13 panies. Nothing in this chapter may be deemed to af-  
14 fect in any way the powers of the superintendent to  
15 adopt, alter or amend rules with respect to trust  
16 companies, provided that no such rule may be applica-  
17 ble to a subsidiary trust company to the extent that  
18 it is inconsistent with, or purports to, limit the  
19 powers or rights of a subsidiary trust company ex-  
20 pressly granted by this chapter.

21 **Emergency clause.** In view of the emergency cited  
22 in the preamble, this Act shall take effect when ap-  
23 proved.

24 STATEMENT OF FACT

25 This bill permits the merger of trust departments  
26 of affiliated Maine banks owned by an existing Maine  
27 bank holding company into a separate Maine trust com-  
28 pany all with the permission and subject to the su-  
29 pervision of the Superintendent of Banking. The  
30 functions of the separate Maine trust company are  
31 limited to the functions traditionally exercised by a  
32 trust department, which do not include accepting de-  
33 posits. The transfer of trusts, estates,  
34 custodianships, conservatorships and employment re-  
35 tirement trusts would be made by order of court en-  
36 tered after due notice to all affected persons. Any  
37 person interested in the trust may object to the  
38 transfer in court and seek appointment of a new  
39 trustee.

1 Maine law presently permits the full statutory  
2 merger of 2 Maine banks, but there is no provision  
3 which permits a Maine bank holding company owning 2  
4 or more Maine banks to merge their trust departments  
5 into a separate Maine trust company which will exer-  
6 cise only fiduciary functions. Without requiring the  
7 full statutory merger of the 2 or more Maine banks,  
8 the bill permits the combination of their trust de-  
9 partments, which benefits the people of Maine in sev-  
10 eral respects.

11 Presently, a trust customer of a Maine bank can-  
12 not be serviced by the trust department of an affili-  
13 ated Maine bank. Thus, a customer living in  
14 Skowhegan who had a trust account in Portland could  
15 not have his trust managed by an affiliated bank  
16 owned by the same Maine bank holding company in Au-  
17 gusta, unless new legal documents were drawn or a  
18 specific transfer was requested in the Probate Court,  
19 which would all be at the expense of the customer.  
20 The bill considerably conveniences the customer by  
21 permitting the new trust company to handle all ac-  
22 counts of the affiliated banks and appropriate  
23 branches of the new trust company.

24 Trust products and services are constantly being  
25 reviewed and improved to take advantage of automa-  
26 tion, human resource allocation and efficiencies in  
27 administration and to reflect new products and ser-  
28 vices which come on the market nationally. By allow-  
29 ing the merger of trust departments of affiliated  
30 banks, new products and services can be made availa-  
31 ble more quickly and efficiencies of scale may be re-  
32 alized, all to the benefit of the trust customer. By  
33 permitting the merger of trust departments, exper-  
34 tise, such as in the administration of retirement  
35 plans, in specialized areas which has been developed  
36 in one affiliated bank can be made available to the  
37 customers of another affiliated bank.

38 In the area of investments, combining the trust  
39 departments will permit a common investment strategy,  
40 philosophy and administration, and will combine the  
41 investment expertise of the trust officers and ana-  
42 lysts in the separate trust departments, thus giving  
43 the trust customer a more efficient, professional and  
44 well-informed investment management opportunity and a

1 wider variety of investment options from which to  
2 choose.

3 On the other hand, present law, which does not  
4 permit the combination of trust departments, tends  
5 toward duplication of effort, fractionalization of  
6 skills and expertise and inefficiencies by requiring  
7 the separate operation of 2 or more trust depart-  
8 ments, even within one Maine bank holding company  
9 system.

10 This bill promotes competition between Maine bank  
11 holding company systems and has no anticompetitive  
12 effects. Trust customers can only benefit by the  
13 efficiencies and pooling of resources among affili-  
14 ated banks which this bill allows.

15 Section 1 of this bill amends the Banking Code to  
16 provide a definition for "subsidiary." Sections 2 to  
17 4 of this bill amend the Banking Code to clarify that  
18 the bank superintendent's rule-making authority and  
19 cease and desist power extend to the activities of  
20 subsidiaries.

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