

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 49

S.P. 66

In Senate, January 31, 1989

Submitted by the Department of Professional and Financial Regulation pursuant to Joint Rule 24.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

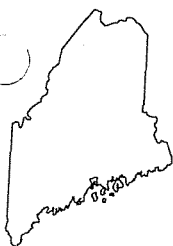
Presented by Senator COLLINS of Aroostook.

Cosponsored by Senator RANDALL of Washington, Representative CURRAN of Westbrook and Representative STEVENS of Bangor.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Amend the Maine Banking Code.



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

Sec. 1. 9-B MRSA §1013, sub-§1, ¶¶A and B, as enacted by PL 1985, c. 642, §5, are repealed and the following enacted in their place:

A. Acquisition of control of a Maine financial institution or any financial institution or financial institution holding company controlling, directly or indirectly, a Maine financial institution, by any person or company;

B. Acquisition of more than 5% of the voting shares of a Maine financial institution or any financial institution or financial institution holding company controlling, directly or indirectly, a Maine financial institution, by a financial institution or financial institution holding company; or

Sec. 2. 9-B MRSA §1015, sub-§1, ¶A, as amended by PL 1985, c. 642, §7, is repealed and the following enacted in its place:

A. Acquisition by a person or company of control of a Maine financial institution or any financial institution or financial institution holding company controlling, directly or indirectly, a Maine financial institution, or establishment by a person or company or a Maine financial institution or Maine financial institution holding company;

Sec. 3. 9-B MRSA §1015, sub-§1, ¶B, as amended by PL 1985, c. 642, §8, is repealed and the following enacted in its place:

B. Acquisitions by a financial institution or financial institution holding company of interests in a Maine financial institution or any financial institution or financial institution holding company controlling, directly or indirectly, a Maine financial institution in excess of 5% of the voting shares of such financial institution or financial institution holding company;

STATEMENT OF FACT

During the past 2 years, 2 out-of-state parent companies of Maine financial institutions or holding companies were merged or acquired by other out-of-state holding companies. The Attorney General's office has indicated that such an acquisition or merger is subject to prior approval of the Superintendent of Banking and the companies involved submitted to the superintendent's jurisdiction. However, this interpretation of the Maine Revised Statutes, Title 9-B, chapter 101 has been questioned in the past. The purpose of this bill is to clarify the superintendent's authority over the acquisition or merger of a Maine financial institution or financial institution holding company's out-of-state parent company.

1 As the role of a holding company is to act as a source of
3 strength to its bank subsidiaries, the State has a legitimate
5 interest in acquisitions or mergers of parent companies by other
7 holding companies. The management, policy or financial changes
9 which may result from mergers or acquisitions may impair the
11 parent holding company's ability to act as a source of strength
13 to its Maine bank subsidiaries. If an out-of-state parent
15 holding company ceases to be a source of strength to its Maine
17 subsidiaries, the greater the likelihood the out-of-state parent
company will attempt to divert Maine resources to other
geographic areas in which the company operates. The
superintendent, with clear jurisdiction over the acquisitions of
Maine banks' out-of-state holding companies by other holding
companies, will be better able to prevent or mitigate such
problems and ensure that compliance with the "net new funds"
provisions of the Maine Revised Statutes, Title 9-B, chapter 101
is maintained.