

MAINE STATE LEGISLATURE

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114th MAINE LEGISLATURE

SECOND REGULAR SESSION - 1990

Legislative Document

No. 2038

H.P. 1461

House of Representatives, December 28, 1989

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

Received by the Clerk of the House on December 28, 1989. Referred to the Committee on Banking and Insurance and 1600 ordered printed pursuant to Joint Rule 14.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative CURRAN of Westbrook.

Cosponsored by Senator THERIAULT of Aroostook, Representative PARADIS of Augusta and Senator GILL of Cumberland.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

**An Act to Provide for Expedited Merger, Consolidation or Acquisition
of Credit Unions.**

(EMERGENCY)



Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the laws governing mergers and consolidations of state-chartered credit unions require lengthy procedures that inhibit the expediency with which some mergers can be accomplished; and

Whereas, volatile economic conditions adversely impact the financial industry and may warrant immediate action by the Superintendent of Banking to merge or consolidate troubled credit unions in order to protect members or the public; and

Whereas, the federal regulatory agencies presently have the authority to act on merger, consolidation or acquisition plans in an expeditious manner; the superintendent should have the authority to act in the same expeditious manner when providing concurrent regulatory action; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

9-B MRSA §872-A is enacted to read:

§872-A. Authority for expedited mergers, consolidations and acquisitions

Notwithstanding any other provision of law, or any charter, certificate of organization, articles of association, articles of incorporation or bylaw of any participating credit union, the superintendent may authorize a merger or consolidation of 2 or more credit unions or may authorize a credit union to purchase any of the assets of, or assume any of the liabilities of, any other credit union following approval of a plan of merger, consolidation or acquisition by a majority vote of the boards of directors of the participating credit unions and upon receipt by the superintendent of certified copies of the authorizing resolutions adopted by the respective boards of directors. That merger, consolidation or acquisition shall become effective immediately if the superintendent believes that the action is necessary for the protection of members of the credit union or the public. Any person aggrieved by a merger, consolidation or acquisition pursuant to this section is entitled to judicial review of the superintendent's order in accordance

2 with the Maine Administrative Procedure Act, Title 5, chapter
3 375, subchapter VII.

4 **Emergency clause.** In view of the emergency cited in the
5 preamble, this Act shall take effect when approved.
6

8
9 **STATEMENT OF FACT**

10 In 1982, the Maine banking laws were amended to authorize
11 the Superintendent of Banking to effect mergers, consolidations
12 or conversions of financial institutions on an expedited basis.
13 Since that time, 2 emergency mergers have been effected with no
14 resultant interruption in service to Maine consumers. There are
15 no such expedited merger powers in the Maine credit union law.
16 This bill provides for emergency merger, consolidation or
17 acquisition authority comparable to that provided for other
18 state-chartered financial institutions. It is also consistent
19 with the authority provided in federal law to the National Credit
20 Union Administration.
21
22