

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

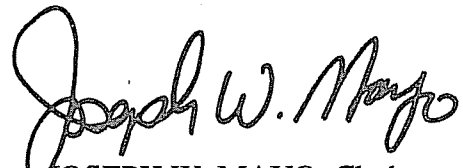
No. 614

H.P. 477

House of Representatives, February 23, 1993

An Act to Amend the Mutual Holding Company Laws.

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


JOSEPH W. MAYO, Clerk

Presented by Representative RYDELL of Brunswick.

Cosponsored by Representatives: CONSTANTINE of Bar Harbor, ERWIN of Rumford,
JOSEPH of Waterville, PINEAU of Jay, Senator: McCORMICK of Kennebec.

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

Sec. 1. 9-B MRSA §1052, sub-§3, as enacted by PL 1985, c. 558, is amended to read:

3. **Subsidiary savings institution.** "Subsidiary savings institution" means any savings bank or savings and loan association organized under the laws of this State, all at least 51% of the voting stock of which is wholly owned by a mutual holding company.

Sec. 2. 9-B MRSA §1053, sub-§1, ¶¶A and B, as enacted by PL 1985, c. 558, are amended to read:

A. Chartering, pursuant to chapter 31, a subsidiary savings institution, ~~all of the voting stock of which is owned by the mutual holding company; and~~

B. Transferring a substantial part of its assets and liabilities, including all of its insured liabilities to the subsidiary savings institution. The subsidiary savings institution must meet or exceed minimum capital requirements prescribed by federal law or regulations or state law or rules. Persons having any claims to any surplus resulting from liquidation rights with respect to the mutual financial institution pursuant to any provision of law shall section 364, from and after the transfer at the time of the formation of the subsidiary saving institution, have those rights with respect to the mutual holding company. Any interest of an account holder in the net worth of the mutual holding company may be realized only upon liquidation of the mutual holding company after all of its creditors have been satisfied.

Sec. 3. 9-B MRSA §1053, sub-§§4 to 6 are enacted to read:

4. **Issuance of stock and securities.** A subsidiary savings institution has the power to issue to persons other than the mutual holding company of which it is a subsidiary an amount of common stock and securities convertible into common stock that in the aggregate does not exceed 49% of the issued and outstanding common stock of that subsidiary savings institution. For purposes of the 49% limitation, any issued and outstanding securities that are convertible into common stock are considered issued and outstanding common stock. Each time common stock of the subsidiary savings institution is offered by the institution to the general public for a price payable in cash, each eligible account holder of the subsidiary savings institution of the mutual holding company shall receive, without payment, nontransferable subscription rights to purchase that common stock

2 at the same price and in accordance with guidelines or rules as
4 may be adopted by the superintendent. For purposes of this
6 chapter, an offer to the general public means an offer by means
8 of public advertising or general solicitation and does not
10 include:

12 A. Issuances to the mutual holding company; or

14 B. Offers or sales that are exempt from registration by
16 virtue of Title 32, section 10502, subsection 2, paragraphs
18 L, N or R.

20 5. Reporting. A subsidiary savings institution that issues
22 or has issued and outstanding any common stock or securities
24 convertible into common stock to any persons other than the
26 mutual holding company of which it is a subsidiary must file
28 consolidated financial statements, reports or proxy materials as
30 required under federal law. If the consolidated financial
32 statements, reports or proxy materials are not required to be
34 filed with any federal authority or agency, copies of the
36 consolidated financial statements, reports or proxy materials
38 must be filed with the superintendent and be public records.

40 6. Powers of subsidiary savings institutions. A subsidiary
42 savings institution may continue to exercise its powers, rights
44 and privileges and is subject to limitations not inconsistent
46 with this chapter and applicable to a savings bank or savings and
48 loan association organized under the laws of the State,
50 including, but not limited to, the powers of a stock financial
institution organized under chapter 31.

A subsidiary savings institution may issue stock to a person
other than the mutual holding company of which it is a subsidiary
as set forth in subsection 4 to the extent federal law or
regulation permits such activity for federally chartered
institutions.

Sec. 4. 32 MRSA §10502, sub-§1, ¶C, as enacted by PL 1985, c.
400, §2, is amended to read:

C. Any security issued by and representing an interest in
or a direct obligation of, or guaranteed by, any depository
institution or depository institution holding company, the
deposit accounts of which are insured by the Federal Deposit
Insurance Corporation ~~or Federal Savings and Loan Insurance~~
~~Corperation~~ or any successor to either this agency
authorized by federal law or a deposit insurance fund
expressly authorized by state law and supervised by a state
governmental official or agency. This exemption does not
apply to securities representing an interest in a depository

2 institution that is required by law to have as its majority
3 shareholder a mutual holding company, to securities
4 convertible into such securities or to warrants, options or
5 rights to purchase such securities;

6
7 **STATEMENT OF FACT**

8
9 This bill amends the laws governing mutual holding companies
10 by authorizing subsidiary savings institutions to issue 49% or
11 less of their stock to other investors as a means of attracting
12 capital. This change in Maine law will maintain parity with
13 changes made in federal law and will help some mutual
14 organizations raise capital while maintaining their mutual
15 holding company structure.

16
17 This bill also removes the general securities filing
18 exemption for the sale of securities that represent a minority
19 interest in a financial institution that is a member of a mutual
20 holding company and requires that the mutual holding company
21 retain at least a majority interest in the securities of the
22 financial institution.