

MAINE STATE LEGISLATURE

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LAWS
OF THE
STATE OF MAINE

AS PASSED BY THE

ONE HUNDRED AND FIFTEENTH LEGISLATURE

THIRD SPECIAL SESSION

October 1, 1992 to October 6, 1992

FOURTH SPECIAL SESSION

October 16, 1992

ONE HUNDRED AND SIXTEENTH LEGISLATURE

FIRST REGULAR SESSION

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J.S. McCarthy Company
Augusta, Maine
1993

PUBLIC LAWS
OF THE
STATE OF MAINE

AS PASSED AT THE
FIRST REGULAR SESSION

of the
ONE HUNDRED AND SIXTEENTH LEGISLATURE

1993

CHAPTER 257

H.P. 477 - L.D. 614

An Act to Amend the Mutual Holding Company Laws

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

Sec. 1. 9-B MRSA §316, sub-§1, ¶A, as enacted by PL 1975, c. 500, §1, is amended to read:

A. The number of directors on the board of a stock financial institution ~~shall~~ may not be less than 5. With respect to a subsidiary savings institution established pursuant to a reorganization under chapter 105 from and after the time that subsidiary savings institution includes stockholders other than the mutual holding company, the articles of incorporation of the subsidiary savings institution must be amended to provide for proportionate representation of the minority stockholders on the board of directors of the subsidiary savings institution based on the percentage of common stock owned by the minority stockholders in the aggregate relative to the total amount of common stock then issued and outstanding, but the minority stockholder representatives on the board of directors or the subsidiary savings institution may not be fewer than 2. A director or officer of a mutual holding company or subsidiary savings institution or any affiliate of that company or institution is prohibited from serving as a designated minority stockholder representative on the board of directors of the subsidiary savings institution. Shares of stock of the subsidiary savings institution owned directly or indirectly by an individual director or officer of the mutual holding company are deemed to be owned by the mutual holding company for purposes of determining proportionate representation of minority stockholders on the board of directors of the subsidiary savings institution. Representatives of the mutual holding company that serve on the board of directors of the subsidiary savings institution must be selected in accordance with chapter 105.

Sec. 2. 9-B MRSA §317, sub-§2, as enacted by PL 1975, c. 500, §1, is amended to read:

2. Compensation. The compensation of officers ~~shall be~~ is fixed by the board of directors. With respect to a subsidiary savings institution established pursuant to a reorganization under chapter 105, from and after the time that subsidiary savings institution includes stockholders other than the mutual holding company, employee stock options or other incentive plans directly related to the performance of the stock of the subsidiary savings institution must address the potential conflict of

interest inherent in the plan in an organization, the majority owner of which is a mutual holding company. An employee stock option or incentive compensation plan must receive prior written approval from the superintendent before implementation.

Sec. 3. 9-B MRSA c. 103, first 2 lines are repealed and the following enacted in their place:

CHAPTER 105

MUTUAL HOLDING COMPANY

Sec. 4. 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, ~~at~~ at least 51% of the voting stock of which is wholly owned by a mutual holding company.

Sec. 5. 9-B MRSA §1053, sub-§§1 and 3, as enacted by PL 1985, c. 558, are amended to read:

1. Reorganization. Notwithstanding any other provision of law, ~~any~~ a mutual financial institution may reorganize so as to become a mutual holding company by:

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 liquidation rights with respect to the mutual financial institution pursuant to ~~any provision of law shall~~ chapter 36, from and after the transfer at the time of the formation of the subsidiary savings institution, have those rights with respect to the mutual holding company.

3. Approval. Mutual financial institutions seeking to establish a mutual holding company pursuant to this chapter or a mutual ~~financial institution~~ holding company seeking to convert to a stock financial institution holding company shall do so pursuant to section 344, except that the conversion plan of a mutual holding company to a stock financial institution holding company ~~shall be~~ is subject to the approval of a 2/3 vote of all the eligible account holders of all the financial institutions ~~which that~~ are subsidiaries of the holding company. If there is more than one subsidiary financial institution, the eligible account holders ~~shall be~~ are combined and 2/3 of the combined eligible account holders ~~shall~~ must approve the conversion. Only account holders of financial institutions ~~which that~~ are subsidiaries of the holding

company are eligible to vote on the conversion plan. Shareholders of nonbank stock subsidiaries are not eligible to vote on the conversion plan.

Sec. 6. 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, including warrants, options and rights to purchase common stock, are considered issued and outstanding common stock of the subsidiary. 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 must receive, without payment, nontransferable subscription rights to purchase that common stock at the same price and in accordance with guidelines or rules as may be adopted by the superintendent. For purposes of this chapter, an offer to the general public means an offer by means of public advertising or general solicitation and does not include:

A. Issuances to the mutual holding company; or

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

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

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

Sec. 7. 9-B MRSA §1054, sub-§2, as enacted by PL 1985, c. 558, is amended to read:

2. Governance. A mutual holding company shall must be governed by a board of corporators ~~and shall further be governed~~ in accordance with the charter and bylaws of the mutual holding company, as adopted or amended, in connection with a reorganization authorized under this chapter or as amended by the corporators thereafter. The corporators shall elect a board of directors provided that the superintendent has the authority to comment upon the composition of the board. The corporators and the board of directors ~~shall be~~ are governed by and authorized to undertake the activities as set forth in sections 325 and 326. With respect to a mutual holding company ~~which~~ that has been formed through the reorganization of a savings bank, the board of corporators ~~shall~~ initially ~~consist~~ consists of the board of corporators of the saving bank as constituted pursuant to section 325. The corporators ~~shall~~, after the formation of the mutual holding company, continue to serve as corporators for the balance of the terms to which they are elected under section 325.

Sec. 8. 9-B MRSA §1054, sub-§3, ¶D, as enacted by PL 1985, c. 558, is amended to read:

D. Exercise any ~~and all powers, rights and privileges power, right or privilege,~~ with the exception of deposit taking, ~~heretofore or hereafter~~ granted to mutual financial institutions under the laws of the State, and, unless specifically noted otherwise, any reference to "savings bank" or "savings and loan association" in any other law of this State ~~shall also be applicable~~ applies to a subsidiary savings institution chartered pursuant to this chapter;

Sec. 9. 9-B MRSA §1055, as enacted by PL 1985, c. 558, is amended to read:

§1055. Rules

The superintendent shall promulgate adopt such rules as ~~may be~~ necessary to effectuate the purposes of this chapter and to ensure that the reorganization of a mutual financial institution is conducted in a fair and equitable manner to ensure the safety and soundness of the subsidiary savings institution and the protection of the subsidiary savings institution's net worth.

Sec. 10. 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 Corporation 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 institution that is required by law to have as its majority shareholder a mutual holding company, to securities convertible into those securities or to warrants, options or rights to purchase those securities;

See title page for effective date.

CHAPTER 258

H.P. 1001 - L.D. 1347

An Act Regarding Suspension of Maine Guide Licenses

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

Sec. 1. 12 MRSA §7315, sub-§1-A is enacted to read:

1-A. Mandatory revocation. The commissioner shall revoke for a period of 3 years the guide's license of a guide who is convicted of violating a provision of this Part punishable by a mandatory fine of not less than \$1,000 and at least 3 days in jail. The commissioner shall provide notice of revocation as provided in section 7077, subsection 7. A person whose license has been revoked under this subsection may, within 30 days of the effective date of the revocation, petition the commissioner for a hearing to show cause why the license should not have been revoked. If, after the hearing, the commissioner finds that the person has not been convicted or that the conditions of this subsection do not apply, the revocation is rescinded. If the commissioner finds that the person has been convicted and that the conditions of this subsection apply, the revocation remains in effect.

See title page for effective date.

CHAPTER 259

S.P. 442 - L.D. 1372

An Act to Provide for Special Liquor Licenses

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

Sec. 1. 28-A MRSA §1052-A is enacted to read:

§1052-A. Special taste-testing festival license

1. Special taste-testing festival license. Manufacturers of malt liquor licensed under section 1355 and holders of an equivalent license from another state may apply for an additional license to participate in a special taste-testing festival under this section. The special taste-testing festival license is valid for no more than 3 consecutive days and is issued annually.

2. Fee. The license fee for the special taste-testing festival license is \$100.

3. Application. The licensee must apply for a special taste-testing festival license by filing a written application with the commission at least 24 hours before the event. The application must include the following:

A. Name and address of the applicant;

B. Title and purpose of the event;

C. Date, time and duration;

D. Location; and

E. Approval by the municipal officers or a municipal official designated by the municipal officers of the municipality where the proposed special taste-testing festival will be located, which, notwithstanding section 653, may be granted without public notice.

4. Ruling on application. Upon receipt of the application, the commission may immediately approve or deny the application. The commission shall advise the applicant that the license may be revoked and suspended under chapter 33.

5. Conditions on taste-testing activities. The following conditions apply to taste-testing activities under this section:

A. Taste-testing must be limited to a designated area;

B. Persons who are not at least 21 years of age may attend the special taste-testing festival but are not allowed in the designated taste-testing area;

C. Taste-testing must be conducted within the hours of retail sale established in this Title;

D. A person may not be charged a fee for any malt liquor served as part of a taste-testing activity;

E. Each out-of-state manufacturer is limited to serving 200 gallons of malt liquor; and

F. A person may not be served who is visibly intoxicated.