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130th Maine Legislature, First Regular Session
The Joint Standing Committee on Health Coverage, Insurance, and
Financial Services

Testimony of Gordon Laurendeau, Attorney, Bureau of Financial
Institutions

In support of LD 224,

An Act To Modify Requirements for Multiple - party Accounts, Limited
Purpose Financial Institutions and Mergers

Tuesday, February 9, 2021, 10:00 A.M.

Senator Sanborn, Representative Tepler, and Members of the
Committee:

My name is Gordon Laurendeau and I am the Attorney for the Maine Bureau of Financial Institutions. On behalf of the Bureau and the Administration, I am here to testify in support of LD 224, An Act To Modify Requirements for Multiple-party Accounts, Limited Purpose Financial Institutions and Mergers. This is an agency bill developed by the Bureau, and we thank Chair Tepler for agreeing to be its sponsor.

The legislation amends provisions in Title 9-B, the Maine Banking Code, in the following manner.

In sections 1 & 3, the bill amends merger related statutes by authorizing Maine mutual holding companies to acquire federal mutual

financial institutions without first requiring the federal mutual financial institution to convert to a state-charter. The bill also adds language to 9-B M.R.S. §354(2) clarifying that an investor-owned institution that is a subsidiary of a mutual holding company may merge directly with another mutual financial institution. The changes are technical in nature and should simplify the merger process in Maine.

In section 2, the bill seeks to clarify multiple-party account opening procedures at Maine financial institutions. Legislation from previous sessions amended account opening procedures for multiple-party accounts to ensure depositors understand what happens to the funds in the account when they die. Current law requires that when a person opens a multiple-party account, financial institutions must disclose that upon the death of a depositor the balance belongs to the surviving party. This required disclosure is not always accurate because other types of multiple-party accounts exist where the survivor would not receive the balance in the account. These include payable on death accounts and agency accounts. The bill would simply eliminate the conflict found in current law, 9-B M.R.S. § 427.

In sections 4,5, & 6, the bill would require applicants seeking to establish a new Maine-chartered nondepository trust company, uninsured bank, or merchant bank to locate their principal offices in this State, have at least one resident of this State on its governing board and hold at least one of its governing board meetings in this State each year. The changes in the bill would not apply to existing Maine chartered financial institutions with principal offices located outside of the State. The Bureau believes the proposed changes would enhance its supervisory and examination capabilities and require new Maine charters to have a more direct presence in and benefit to Maine.

Thank you for the opportunity to testify before you today. I am happy to answer any questions from the Committee.

Amendment to LD 224

Sec. 1. 9-B M.R.S. § 354, sub -§ 2, as amended by PL 1997, c. 398, §4 is further amended to read: Except as the superintendent may authorize pursuant to section 354-A, a mutual financial institution may not merge into an investor- owned institution organized under the laws of this State without prior compliance with section 344 and all rules adopted under that section. In accordance with section 1054, subsection 3, paragraph B, a mutual holding company may acquire a ~~state or federal~~ **mutual financial institution or mutual federal association** through merger into a subsidiary universal bank or an interim subsidiary universal bank of the mutual holding company without prior compliance with section 344 and all rules adopted under that section.

Sec. 3. 9-B MRSA §1054, sub-§3, ¶B, as amended by PL 2009, c. 228, §15, is further amended to read: B. Acquire a ~~state or federal~~ mutual financial institution **or a mutual federal association** through merger into a subsidiary universal bank or an interim subsidiary universal bank of the mutual holding company;