

§344. Conversion: mutual ownership change

With the superintendent's approval, and in accordance with the provisions of this section and regulations adopted under this section, a mutual financial institution may convert to a cooperative financial institution, a cooperative financial institution may convert to a mutual financial institution and either a cooperative or mutual financial institution may convert to a financial institution organized under chapter 31 or 81 if the conversion is conducted in a manner equitable to all parties to the conversion, in the following manner. [PL 1997, c. 398, Pt. F, §4 (AMD).]

1. Adoption of plan. The financial institution's governing body shall adopt, by a 2/3 vote of all members of the governing body, a conversion plan, the provisions of which must comply with the requirements set forth in regulations adopted by the superintendent and that ensure that the interests of depositors and account holders in the net worth of the institution are equitably provided for. [PL 1997, c. 398, Pt. F, §4 (AMD).]

2. Public hearing. The following provisions govern a public hearing.

A. [PL 1997, c. 398, Pt. F, §4 (RP).]

B. Public hearings on the conversion plan may be conducted by the superintendent in the community where the financial institution has its principal office. Such hearings may be held to determine whether the plan provides fair and equitable treatment to the depositors and to the institution. Hearings pursuant to this paragraph may be combined with any hearing on the application that may be scheduled pursuant to section 252. [PL 1997, c. 398, Pt. F, §4 (AMD).]

C. [PL 1997, c. 398, Pt. F, §4 (RP).]
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3. Account holders; informational meetings and approval. The conversion plan must be presented to the members who are eligible account holders at special informational meetings held in each county where a branch office of the financial institution is located. The superintendent shall monitor these meetings. The conversion plan, as approved by the superintendent, must be submitted to the members who are eligible account holders of the financial institution for their approval at an annual meeting or at a special meeting called for that purpose, pursuant to the requirements of section 353, subsection 3, with such information in the notice as the superintendent may prescribe. A 2/3 vote of the members or eligible account holders is necessary to approve the conversion plan. Voting on the conversion plan may be in person or by written ballot. Any members or eligible account holders not present at the meeting in person or any member or eligible account holder not returning a written ballot must be regarded as having affirmatively voted for the conversion and must be counted among the required 2/3 vote if notice of this fact has been contained in the published and mailed notices and if the notice, along with a ballot, was mailed to the member or eligible account holder as required in section 351, subsection 4, paragraph A. The voting rights of account holders in a mutual financial institution organized under chapter 32 are the same as granted to members of cooperative financial institution organized under chapter 32 pursuant to section 325.

The superintendent may waive, upon written request by the applicants and for good cause shown, the requirement for informational meetings for a mutual financial institution converting to a cooperative financial institution or a cooperative financial institution converting to a mutual financial institution. [PL 1997, c. 398, Pt. F, §4 (AMD).]

4. Executed plan, certificate and effective date. Upon approval of the plan of conversion by the members or eligible account holders, the institution shall comply with section 343, subsection 4 for the conversion to become effective, provided that the superintendent shall determine as a condition precedent to issuing a certificate that all applicable requirements of federal law, if any, have been complied with by the converting institution. [PL 1997, c. 398, Pt. F, §4 (AMD).]

5. Effect of disapproval.

[PL 1997, c. 398, Pt. F, §4 (RP).]

6. Superintendent's authority. In implementing this section, the superintendent may issue any and all rules, regulations and orders necessary to ensure that conversion to an equity institution or to another form of mutual organization is conducted in a fair and equitable manner, so as to ensure the safety and soundness of the institution and the protection of the institution's net worth including, but not limited to, restrictions on the transfer or disposition of shares in the resulting institution, or mergers or consolidations by the resulting institution.

[PL 1997, c. 398, Pt. F, §4 (AMD).]

SECTION HISTORY

PL 1975, c. 500, §1 (NEW). PL 1981, c. 553, §1 (AMD). PL 1985, c. 251 (AMD). PL 1997, c. 398, §F4 (AMD).

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