

§709. Insider transactions

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Insider" means any officer or employee who participates or has authority to participate in major policy-making functions of a public utility or of an affiliated interest, as defined in section 707, or any director or trustee of a public utility or of an affiliated interest. [PL 1987, c. 141, Pt. A, §6 (NEW).]

B. "Insider transaction" means any dealings which affect, directly or indirectly, any accounting entry as prescribed pursuant to section 501 between a public utility and:

- (1) An insider of the public utility;
- (2) A person related to an insider of the public utility;
- (3) Any other person where the transaction is made in contemplation of the person becoming an insider of the public utility; or
- (4) Any other person where the transaction inures to the tangible economic benefit of an insider or a person related to an insider. [PL 1987, c. 141, Pt. A, §6 (NEW).]

C. "Person" means a corporation, partnership, limited partnership, business association, trust, estate or natural person. [PL 1987, c. 141, Pt. A, §6 (NEW).]

D. "Person related to an insider" means:

- (1) An insider's spouse;
- (2) An insider's parent or stepparent, or child or stepchild; or
- (3) Any other relative who lives in an insider's home. [PL 1987, c. 141, Pt. A, §6 (NEW).]

[PL 1987, c. 141, Pt. A, §6 (NEW).]

2. Approval and disclosure of insider transactions. An insider transaction shall be specifically reviewed and approved by the public utility's board of directors or trustees, provided that when an insider transaction is part of a series of related transactions involving the same insider, approval of each separate transaction is not required so long as the public utility's board of directors or trustees has reviewed and approved each series of related transactions and the terms and conditions under which the transactions may take place. The minutes of the meeting at which approval is given shall indicate the nature of the transaction or transactions, that the review was undertaken and approval given and the names of individual directors or trustees who voted to approve or disapprove the transaction or transactions. In the case of negative votes, a brief statement of each dissenting director's or trustee's reason for voting to disapprove the proposed insider transaction or transactions shall be included in the minutes if its inclusion is requested by the dissenting director or trustee.

[PL 1987, c. 141, Pt. A, §6 (NEW).]

3. Information pertaining to insider transactions. Each public utility shall submit to the commission with its annual report a record of insider transactions requiring review and approval under subsection 2. Each public utility shall make readily available to the commission, upon request, all documents and other materials relied upon by the board in approving each insider transaction, including the name of the insider, the insider's positions or relationship that causes the person to be considered an insider, the date on which the transaction was approved by the board, the type of insider transaction and the relevant terms of the transaction, any other pertinent facts which serve to explain or support the basis for the board's decision and any statements submitted for the minutes or the file by directors or trustees who voted not to approve the transaction setting forth their reasons for the vote.

[PL 1987, c. 141, Pt. A, §6 (NEW).]

4. Discovery of insider relationship. When a public utility becomes aware of the existence of an insider relationship after entering into a transaction for which approval would have been required under subsection 2, the public utility shall promptly report that transaction in writing to the commission. [PL 1987, c. 141, Pt. A, §6 (NEW).]

5. Knowledge of proposed insider transaction. Any insider, having knowledge of an insider transaction between the public utility and that insider, a person related to that insider or any other person where the transaction inures to the tangible economic benefit of that insider or person related to that insider, shall give timely notice of the transaction to the public utility's board of directors or trustees. [PL 1987, c. 141, Pt. A, §6 (NEW).]

6. Civil violation; forfeiture.
[PL 2003, c. 505, §18 (RP).]

SECTION HISTORY

PL 1987, c. 141, §A6 (NEW). PL 2003, c. 505, §18 (AMD).

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