

MAINE STATE LEGISLATURE

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STATE OF MAINE

REPORT

OF THE

ATTORNEY-GENERAL

FOR THE TWO YEARS ENDING

NOVEMBER 30, 1914.

WATERVILLE
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1915

sons outside of its own stockholders, as for instance; where an individual desires to invest money in a certain corporation and take part in its management, or the stock is transferred in the organization or re-organization, of a corporation. But if any corporation in order to sell its stock takes the same course that the regular dealer in securities usually takes, namely; advertising, sending out of circulars, or salesmen or its own officials in order to dispose of its stock to the public wherever it may, my view would be that a corporation was then "engaged" in selling and offering for sale securities within the meaning of this law and would require a license. It seems to me that it is a question of whether they are "engaging" in the selling or offering for sale of securities that determine whether they come within the class.

Very sincerely,

SCOTT WILSON,

Attorney General.

SAVINGS BANKS.—INVESTMENT IN BONDS OF
CORPORATION OPERATING RAILROAD AND
OTHER PUBLIC UTILITIES.

4th February, 1914.

Hon. H. M. Smith, Bank Commissioner, Augusta, Maine.

DEAR SIR: In relation to the interpretation of Section 23 of the Banking Laws relating to the investments of Savings Banks, and sub-paragraph under the third paragraph of Section 23 in relation to railroad bonds, it seems to me that where a company is engaged, not only in operating a railroad, but also in the operation of other public utilities, the company must show not only that its main business is the operation of a railroad, but also that an amount equal to its bonded indebtedness together with an additional amount equal to 33 1-3% of such indebtedness is invested in that part of its property devoted to the railroad business; unless, of course, it comes in under the provision in relation to the payment of dividends. And in this matter, I am of the opinion that it would require dividends of

5% each year for a period of five years rather than an average rate of 5% in order to legalize such bonds for Savings Bank investments. It is "annual dividends"; not simply dividends, in amount equal to 5% per annum; not only to be earned, but paid for a period of five years, and not during a period of five years. It seems to me that the ordinary effect and meaning of this language must be held to be, an annual payment each year of at least a 5% dividend.

If corporations whose business is largely electric light and heating can come in under the provisions of the third paragraph because they have a small railroad mileage, where a large part of their money is invested in the electric light and heating business, it would permit the investment of Savings Bank funds in securities of corporations of a nature that is not recognized as safe investments in any other part of the law unless they are domestic corporations. Bonds of electric light companies outside of this State are not legal for investments of Savings Bank funds. I do not see why they should become so because they are able to masquerade as railroads by the reason of operating a few miles of road. I do not see where you can draw the line unless you require them to live up to the express terms of the statutes.

Very sincerely,

SCOTT WILSON,

Attorney General.

BLUE SKY LAW.—DEALERS, INFORMATION
REQUIRED TO BE FILED.

4th February, 1914.

Hon. H. M. Smith, Bank Commissioner, Augusta, Maine.

DEAR SIR: With reference to the proper interpretation of Section 8 of Chapter 209 of the Public Laws of 1913, relating to the "Business of Dealing in Securities," I have given the matter consideration, and it seems clear that under this section, you have the right to require every dealer to file with you a list of the securities which he has sold or offered for sale within the preceding six months, or which he proposes to offer for sale, and may require him to file a statement of the assets