

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

**This document is from the files of the Office of
the Maine Attorney General as transferred to
the Maine State Law and Legislative Reference
Library on January 19, 2022**

July 27, 1922

To Hon. Fred F. Lawrence, Bank Commissioner
Re: Savings Banks - Investment in Virginia Power Company

Replying to your inquiry about the purchase by Maine Savings Banks of the bonds of the Virginian Power Company, I wish to say that in my opinion the present law will not permit the holding of such bonds by savings banks for the reason that they are not within the provisions of division "i", paragraph 3, Section 27 of Chapter 52 of the Revised Statutes.

The law provides that banks may purchase bonds of "public service corporations engaged in the business of producing electrical light and power". I have examined the charter of the company and the letters attached to the same received from your office and am satisfied that the business of the company is to sell electrical power to persons and corporations using power and is not engaged in the business of producing and distributing electrical light and power.

Our courts have held that a public service corporation is one engaged in the distribution of something which is in common use by the public and it is held by a recent decision that a corporation engaged in the selling of power at wholesale is not a public service corporation within the meaning of our statute. This is plainly set forth and ably discussed by Chief Justice Savage in the case of Brown vs. Gerald, 100 Me. 351, and affirmed in the case of Bowden vs. York Shore Water Company, 114 Me. 150.

The policy of the State has been to restrict the powers of savings banks in their investments in corporate securities and any statute enlarging the powers of such banks to deal in bonds of foreign corporations, in my opinion, should be construed strictly in favor of the prospective investors.

I, therefore, advise you that the bonds of the Virginian Power Company are not legal investments for Maine Savings Banks.

Ransford W. Shaw
Attorney General

NOTE: See January 8, 1923, for contrary opinion upon receiving further information about the corporation.