

MAINE STATE LEGISLATURE

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May 17, 1941

Frank I. Cowan, Attorney General

William D. Hayes, State Auditor

I have your memorandum of May 16th in regard to the First National Bank of Portland, and have examined what little correspondence there is in this office and discussed the facts with Judge Fogg. I find that in 1934, the bank demanded payment from the State of 100% assessment on the 60 shares of stock held by the State. The original letter cannot be found but I have a copy of the reply written by the Deputy Attorney General, August 3, 1934, declining payment. I assume that that assessment amounted to \$6,000. I am informed that in 1934, the State Treasurer and the then Attorney General gave the matter considerable study and decided that, under the circumstances, a swap of a debt of \$6,000. for one of about \$1500. was good business for the State and decided to do nothing more.

It is my understanding that the final dividend was put out last week, I believe on May 8th, and it is possible that the bank is today entirely liquidated.

Had this matter been brought to my attention at an earlier date, it is barely possible that something could have been done. For instance, if we could have shown that the bank officials had knowledge that these shares of stock were actually funds of the State held as trustee, it is possible that the court might have allowed us our full dividends and charged the assessment against the trust funds and not against the State. At this late date, however, it seems to me wholly impracticable to start an action, the only effect of which could possibly be to hold up the delivery of the final dividend checks in such few cases as have not been delivered to depositors.

The amount of cash in the hands of the receiver as of today, must be so small that legal action requiring delay in distribution of the balance would mean the eating up of those funds in the overhead.

F. I. C.

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