

# MAINE STATE LEGISLATURE

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February 19, 1943.

William S. Cole, Esq.,  
65 Coe Block,  
Bangor, Maine.

Dear Bill,

Mr. Farrington and I have been studying your proposal for consolidation of the Kanduskeag Valley Creamery and Mount Desert Island Dairies, Inc., into a new corporation under the name of Eastern Farmers, Inc., to exist under Chapter 70 of the 1930 Revised Statutes. The records in this office indicate that the two corporations now existing were organized under Chapter 56 as business corporations.

It is true that R.S., Chapter 56, section 63, as amended, uses general language in regard to consolidation of corporations. It is, however, difficult for us to see how two business corporations can consolidate and by reason of that consolidation and the declaration of the stockholders become immediately a "benevolent" corporation existing under the provisions of Chapter 70. (I am using the word "benevolent" simply to designate the type of corporation and not its purposes.)

The rights, powers and privileges conferred on a "business" corporation organized under R.S., Chapter 56, are vastly different from those conferred on a "benevolent" corporation organized under the provisions of Chapter 70. The result of a union of two corporations of different types is to give to the offspring such powers only as pertain to the weaker parent. Such a corporation would fail to conform to either provision of our laws.

A second objection occurs to us. It is the opinion of this office that a "benevolent" corporation cannot be created except strictly in accordance with the provisions of R.S. 1930, Chapter 70, and that R.S., Chapter 56, section 63, providing for consolidation is not intended to permit the creation of a corporation of any other type than the business corporation unless possibly (and this question is not present) the corporations to be consolidated are themselves corporations existing under the provisions of Chapter 70.

Unless you can give us some sound reasoning which will overcome our present objections we cannot approve the consolidation in the form in which you propose it. Whether or not you will formally set up a corporation under Chapter 70 and transfer to it the assets of the existing corporations is a question for you to decide.

Sincerely yours,