

MAINE STATE LEGISLATURE

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July 11, 1945

To Fred W. Hollingdale, Deputy Treasurer of State

I have your memo of July 10, 1945, stating that you have received from the Mutual Fire Insurance Company of Saco, as a prerequisite to the establishment of an agency in the State of Rhode Island, \$100,000 U. S. Treasury Bonds, of which \$62,500 are Series G bonds issued in the name of the aforesaid insurance company and are non-negotiable, and you request my opinion as to whether or not these Series G non-transferable bonds represent proper security.

It is my opinion that it is incumbent upon the Treasurer of State, under the provisions of Section 14 of Chapter 56, R. S. 1944, to accept only negotiable securities, and I suggest that you have the Mutual Fire Insurance Company execute a power of attorney to the State Treasurer, to be filed with the \$62,500 Series G bonds, so that the State Treasurer can negotiate said bonds in case of anything going wrong with the company's agency in Rhode Island, as under the statute the State Treasurer is trustee for the benefit of the policy holders and he should use due diligence in accepting securities under this statute. Section 21 of Chapter 56, R. S. 1944, provides for proceedings when the company making such deposit fails, and reads in part as follows:

"And he (meaning the State Treasurer) shall state in the notice that securities held by him will be disposed of and the proceeds after paying expenses paid over in a ratable proportion upon their claims (meaning the policy holders'). . . "

Therefore it seems to me that these securities held by the State Treasurer should be in such condition that he can dispose of them without any technicalities.

Ralph W. Farris
Attorney General

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