

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**

m

October 12, 1961

Richard S. Chapman, Esquire
85 Exchange Street
Portland, Maine

Re: Peppercell Trust Company

Dear Brother Chapman:

This is in reply to your letter of August 15, 1961.

In reading the history of the Peppercell Trust Company through the files of the Banking Commissioner, I find that as far back as 1932 suggestions have been made as to the desirability of the retirement of preferred stock by both the State Banking Commissioner and by the supervising examiner of the Federal Deposit Insurance Corporation, however, both departments have viewed the situation in light of the overall financial strength of the bank and the protection of its depositors. It has been the opinion of the present Banking Commissioner that the preferred stock should not be retired unless additional common stock is issued to prevent the weakening of the bank's capital structure. There seems to be little that he can do under the banking laws except to urge a retirement of preferred stock program to the directors. This he has done. Of course, the FDIC must approve any plan contemplated by the directors. I believe that the directors have indicated that a plan will be instituted in 1961. I think it is the responsibility of the Banking Commissioner to see that this is done.

I also note in reading the file that there have been clashes of personalities and that a Portland bank is desirous of absorbing the Peppercell Trust Company.

Richard S. Chapman, Esquire

-3-

October 12, 1961

Apparently the present bank management opposes this merger. Naturally the Banking Commission is reluctant to become involved in a situation of opposing factions and rightly so.

It is possible that your client may have an action against the directors for the manner in which they have acted with respect to the preferred stock from 1945 to date but I do not believe that it is a function of the Banking Commissioner to institute any such action against the directors. His interest is to see that the public is protected. His opinion at the present time is that the preferred stock situation does not have an adverse effect upon the public and that there is no statutory authority for him to interfere. With this I agree.

In closing, I will urge the Banking Commissioner to do his utmost to see that the present management does institute a method of preferred stock retirement. As to any other method of forcing the directors to act, I believe that is within the purview of your client as a stockholder.

I want to apologize for taking so much time to answer your letter but as you know, I have been busy and I have spent considerable time reviewing this situation.

Sincerely yours,

Frank S. Hancock
Attorney General

RSB/3

cc: Carleton Bradbury, Banking Commissioner