

# MAINE STATE LEGISLATURE

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November 17, 1967

Irl E. Withee, Deputy Commissioner

Banks and Banking

Harry N. Starbranch, Assistant

Attorney General

Interpretation of 9 M.R.S.A. § 1000.

FACTS:

This is in reply to your memorandum of November 3 in which you request an interpretation of the above section. You state that a bank with present outstanding capital stock in an amount below its authorized capital wishes to pay a stock dividend which, together with present outstanding stock, will not exceed its authorized capital.

QUESTION:

Must a trust company or bank when issuing new stock within its presently authorized capital limitations follow the procedures set forth in 9 M.R.S.A. § 1000 entitled "Increase of capital stock"?

ANSWER:

No.

OPINION:

The aforementioned section 1000 reads as follows:

"Any company organized under sections 954, 991 to 994, 996 to 999 and 1002, or any company organized under special act of the Legislature may increase its capital stock from time to time at any stockholders' meeting at which a majority of shares issued and outstanding is represented, notice of the intention to do so having been given in the call therefor. Before actually issuing such capital stock, a certified copy of the vote authorizing the same shall be filed with the commissioner within 10 days after its passage, and thereupon he shall issue his approval or disapproval of the action so taken and if approved shall issue a certificate allowing such increase, a copy of which shall be filed in the office of the Secretary of State."

It is felt that the wording in the above-cited statute that states: "Any company \* \* \* may increase its capital stock \* \* \* ." refers to authorized capital stock. Consequently, where the stockholders vote to increase the company's authorized stock, a certified copy of such vote must be filed with the Bank Commissioner within ten days after its passage. In the event the Commissioner then issues his approval of the action taken by the stockholders and issues a certificate allowing such increase of authorized capital stock, the company may proceed to issue such stock at any subsequent time without the necessity of further approval of the Bank Commissioner.

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Harry N. Starbranch  
Assistant Attorney General

HNS/eh