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Banking Interest Rate

STATE OF N. C.

Inter-Departmental Memorandum Date June 3, 1977

To John N. Durham, Superintendent Dept. Bureau of Banking
From Peter B. Bickerman, Assistant Peter Bickerman Dept. Attorney General
Subject The Legal Significance of Certain Advertising Terminology Regarding Interest Computation.

You have requested an opinion on the legal meaning of the phrase "date of deposit to date of withdrawal" as that wording is used in the context of interest payments on certificates of deposit. Because of the lack of judicial and administrative interpretation of the words "date of deposit to date of withdrawal" in bank advertising, it would appear that the question of legal significance remains open for future law and rule-making.

Research has indicated a virtual absence of settled law on this issue. Apparently there is no consensus view as to the proper definition of these "words of art" among members of the banking industry or those governmental officials who regulate that industry. It is our understanding that the Bureau of Banking has been informed that officers of the Federal Deposit Insurance Corporation and the Federal Reserve System do not regard "date of deposit to date of withdrawal" language as mandating interest payments for the first and last days of an interest-bearing account. No information has been presented which would contradict that view, in light of the absence of legislation or administrative regulation.

You have also requested an opinion as to the legal significance of the words "regardless of time" when utilized in the following assertion: "Interest is earned on your money every day it is on deposit, regardless of time." Again, we conclude that such words have not been subject to any systematic legal scrutiny.

In this context the term "regardless of time" can be reasonably interpreted in several ways. It should be noted that ambiguous language of this sort may be deemed contrary to the intent of Bureau of Banking Regulation #9, which includes the statement that "The intended audience should be reasonably expected to understand advertisements with no need of explanation or interpretation." Therefore, in the absence of legal mandate such issues of language might best be considered policy questions concerning acceptable levels of accuracy in bank advertising.

Peter B. Bickerman
PETER B. BICKERMAN
Assistant Attorney General