

State Banks, May Hold What Property. Banks, Approved assets May Consist of What.

A private bank is prohibited from being the holder or purchaser of any portion of its own stock or of the capital stock of any incorporated company, unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith.

October 24, 1911.

Hon. C. E. Kumpe,
State Bank Examiner,
Helena, Montana.

Dear Sir:

I am in receipt of your letter of the 19th inst., requesting my official opinion as to whether or not a state bank organized under the laws of Montana can be the holder or purchaser of any portion of its own stock or of any other incorporated company unless such purchase shall be necessary to prevent loss upon debt previously contracted in good faith?"

In reply I will say that under the provisions of Sec. 3910 of the Revised Codes of 1907, a private bank is prohibited from being the holder or purchaser of any portion of its own stock or of the capital stock of any other incorporated company, unless such purchase shall be necessary to prevent loss upon a debt previously contracted in good faith, on security, which at the time was deemed adequate to insure the payment of such debt, independent of any lien upon such stock; and stock so purchased must in no case be held by the bank so purchasing for a longer period of time than six months, if the same can be sold for what the stock cost, or at par. This provision of the Code appears to me to be plain in its terms.

Yours very truly,

ALBERT J. GALEN,
Attorney General.