

Banks and Banking—Trust Department.

A commercial bank now doing business with a paid in capital of one hundred thousand dollars may establish a trust department in their present business without reincorporating if this power is conferred upon them by their original articles of incorporation.

April 6, 1917.

Hon. H. S. Magraw,
Superintendent of Banks,
Helena, Montana.

Dear Sir:

I am in receipt of your letter of March 20th, submitting the following question:

“Will you please advise me if a commercial bank now doing business with a capital paid in of one hundred thousand dollars, is able to establish a trust department in their present business, without reincorporation?”

A “commercial bank” is defined in Section 4 of Chapter 89, Session Laws of 1915, while a “trust company” is defined in Section 6 thereof. From these definitions it will be seen that a “trust company” is vested with all of the powers of a “commercial bank” and also with many additional powers. In other words a “trust company” may do all things a “commercial bank” is empowered to do as well as many other things. So, it would seem, that a “trust company” may do everything which it is empowered to do by Section 6, while a “commercial bank” is restricted to doing those things which it is empowered to do by Section 4.

Whether a “commercial bank” having a paid in capital of \$100,000 may establish a trust department without reincorporation depends entirely upon the purposes for which it was organized, as set forth in its articles of incorporation. If the purposes for which it was organized,

as set forth in its articles of incorporation are not broad enough to permit it to exercise all of the powers enumerated in Section 6, then it cannot establish a trust department, without either a reincorporation or an amendment of its articles of incorporation as provided in Section 3826, Revised Codes.

Respectfully,

S. C. FORD,

Attorney General.