

Banks and Banking—Counties—County Treasurer—Security—“Trust Receipts.”

“Trust receipts” may not be accepted as security for county deposits.

Board of County Commissioners,
Thompson Falls, Montana.

Gentlemen:

You have submitted to this office the question whether trust receipts can be accepted as security for county deposits.

The “trust receipts” are merely acknowledgments that the bank holds certain described warrants or bonds deposited by the County Treasurer as security for county deposits. The warrants or bonds have not been delivered to the County Treasurer, nor have they been approved by the Board of County Commissioners, but are held by the bank for safekeeping.

It is difficult to see how the county's position with reference to security has been improved any by this method. The county already has a receipt from the bank for county funds which have been deposited. Should you accept the so-called trust receipt and should the bank fail, you would have two receipts instead of one, but no security.

It is, therefore, my opinion that trust receipts may not be accepted as security for county deposits, but that the bonds themselves must be delivered.

Very truly yours,

WELLINGTON D. RANKIN,

Attorney General.