

Banks and Banking—Capital Stock—Stockholders—Meetings—Notice.

The stockholders of a bank may not waive the notice of a meeting for the purpose of reducing the capital stock of the bank.

L. Q. Skelton, Esq.,
Superintendent of Banks,
Helena, Montana.

January 17, 1925.

My dear Mr. Skelton:

You have requested my opinion as to whether a bank may decrease its capital stock at a special meeting which has been called without

public notice thereof and in the manner prescribed by section 6033, in the event that a waiver of the notice of the meeting be signed by the proxy holders.

Your attention is called to a statement appearing in 14 C. J., 498, where it is said:

“A reduction of the capital stock can take place only in the manner and under the conditions prescribed by the statute or the charter or articles of incorporation, and a strict compliance with the statutory regulations is necessary. * * *

“Statutes providing for a reduction of the capital stock of corporations generally prescribe that it must be done at a meeting of the stockholders upon a notice specifying the object of the meeting and the proposed change, which notice shall be published in a prescribed manner, and the provisions must generally be complied with. One object of requiring capital stock to be diminished only at corporate meetings formally called is to insure publicity, and to warn the public dealing with the corporation of the intended change. This is incompatible with secret arrangements and contrivances reducing capital stock by buying in the shares, or by other devices, so as to release stockholders from their obligations to creditors.”

It is, therefore, my opinion that the notice must be published in the manner provided in section 6033, R. C. M., 1921, and that it cannot be waived by the proxy holders or the stockholders.

Very truly yours,

L. A. FOOT,

Attorney General.