

Building and Loan Associations—Stockholders—Records—Examination.

The minority stockholders in a building and loan association have authority to examine its books and records.

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Superintendent of banks,
Helena, Montana.

March 28, 1927.

My dear Mr. Larson:

You have requested my opinion whether a minority stockholder in a building and loan association has the right to examine the books and records of the association of which he is a stockholder.

Section 6008 R. C. M. 1921, requires all corporations for profit to keep a record of all business transactions as well as other records and contains the clause "and such records must be open to the inspection of any director, member, stockholder, or creditor of the corporation."

The stock and transfer book is also required to be kept open to the inspection of stockholders, members and creditors. (Section 6009 R. C. M. 1921.)

A person owning 5% of the capital stock can require a statement of the treasurer showing in minute detail the assets and liabilities of any corporation. (Section 5957 R. C. M. 1921.)

Section 11447 provides:

"Every officer or agent of any corporation, having or keeping an office within this state, who has in his custody or control any book, paper, or document of such corporation, and who refuses to give to a stockholder or member of such corporation, lawfully demanding, during office hours, to inspect or take a copy of the same, or any part thereof, a reasonable opportunity so to do, is guilty of a misdemeanor."

The question is, of course, well settled that a minority stockholder in a general corporation has this right. (14 C. J. 853, 860.)

The precise question then is, do these general provisions apply also to building and loan associations? There is no doubt that they apply

to banks. (Cockburn v. Union Bank, 13 La. Ann. 289; State ex rel Heitman v. First Bank of Wildeson, Wash., 216 Pac. 9.)

And this is true, even though the power of examination and visitation of banks is conferred by law upon a state officer. (Wilson v. Bank, 217 Ill. A. 494.)

Thornton & Blackledge on Building & Loan Associations, p. 46, sec. 46, have this to say:

“Every stockholder, by reason of his holding stock, has a right to inspect the books of the corporation, when sought at the proper time, independent of any statute giving him the privilege. Where a statute confers the right upon a stockholder to examine the books of the corporation, and does not attach any condition to his exercise of such right, he has the absolute right to make the inspection without assigning any reason whatever for his action. In such an instance it is no defence to say that the stockholder claiming the right to make the examination is hostile to the company's interests. But where a statute gave a stockholder the right to examine the books at all reasonable times, it was held that he must state to the officers for what purpose he desired to make the inspection; and that he could not maintain a mandamus to secure the inspection unless he had so stated the purpose to the officers, and he must also allege the purpose in the petition for the writ so that the court could judge of its reasonableness. A statute conferring the right to make the examination within a certain period after a corporate election does not exclude the authority of the courts to compel the officers, upon a proper showing, to allow an inspection after such period of time has expired. A corporation cannot deprive a stockholder of his right of inspection on the plea that the books contain other matters which he has no right to inspect or know, and that an inspection would enable him to obtain such other information.”

It is therefore my opinion that a minority stockholder of a building and loan association has the right to examine the books and records of the association.

Very truly yours,

L. A. FOOT,
Attorney General.